

Instructions for preparing 1995 Forms

N-11 (Resident Filing Federal Return) and **N-12** (Resident and Part-Year Resident)

Hawaii Individual Income Tax Return

DUE DATE: APRIL 20, 1996

STATE OF HAWAII — DEPARTMENT OF TAXATION

MESSAGE FROM THE DIRECTOR

This year's instruction booklet contains instructions for preparing a new form, Form N-11, a single page form for use by taxpayers who are residents of Hawaii for the entire year and who file a federal return, and Form N-12, Resident and Part-Year Resident. Filing Form N-11 is intended to save time and make filing income taxes simpler for most of you. The Form N-11 format will result in significant savings in postage, printing, and other costs. In addition, processing returns should be faster. The new Schedule X also consolidates into a single form four of the most claimed tax credits.

We know that, with any change in format such as this, there will be some confusion. We have tried to minimize this by publicizing our new Form N-11 through as many means as we could. Please feel free to call our Taxpayer Services representatives for assistance (telephone numbers for your district office are provided in these instructions).

Form N-11 requires that you attach of a copy of the front page of the federal return you file. As a reminder, be sure to keep a copy of all the worksheets you complete in these instructions.

We suggest the following to assist you in filing your return and receiving an early refund:

- Please check your mathematical calculations before sending in your return. Mistakes may bring requests for clarification and may slow up refunds.
- Mail your return as soon as possible to avoid those delays that are inevitable due to the volume of business at the end of the State income tax season on April 20th.
- Use the preprinted name and address label and preaddressed envelope, if you receive them. Both help to prevent mistakes and to assist in processing refunds faster.

We are currently working on various technological initiatives which will create a more efficient tax system. Watch for future press releases regarding the following:

- Payment of taxes by electronic funds transfer
- Tax Information Line providing pre-recorded tax information and the latest news from the Department of Taxation
- Using the Internet to provide tax information

We continue to be committed to improve and to provide quality service to you. We thank you for the suggestions you have given us in the past, many of which have been helpful and have been used. If you have more suggestions, please send them to me in writing at the Department of Taxation, P.O. Box 259, Honolulu, Hawaii 96809-0259.

RAY K. KAMIKAWA
Director of Taxation

and instructions for Schedule X (Tax Credits for Hawaii Residents)

(HAWAII TAX TABLE— PAGES 40-51)

SPECIAL NOTICE

**You must keep a copy of
the front page of your
federal return to attach to
Form N-11, our new
single-page return.**

Changes for 1995

- A one-time \$1 General Income Tax Credit for 1995. (Act 93)
- The excise tax credit portion of the food/excise tax credit is repealed. (Act 134)
- The food tax credit is reduced from \$55 to \$27 per qualified exemption. (Act 134)
- The medical services excise tax credit is repealed. (Act 134)
- The medical services excise tax credit may be claimed by resident individual taxpayers who paid nursing facilities expenses that were subject to the 6% nursing facilities tax. (Act 23, 1st Special Session)

Important Reminders for 1995

- **You must keep a copy of the front page of the federal return you file and attach it to your Form N-11.**
- Keep a copy of the worksheets you complete in the instructions for your records.
- If you cannot file by April 20, 1996, you may request an extension to file Form N-11 or Form N-12 on Hawaii Form N-101A. Federal forms or letters MAY NOT be used for this purpose.
- Line 22 on Form N-11 MUST be filled in. Line 33 on Form N-12 MUST be filled in. Failure to do so could cause delays in processing your return.
- Please be sure to check the appropriate filing status box.
- Please check all arithmetic on the return. A correct return will help us process your return efficiently and issue refunds quickly.
- If you are married and filing separate returns, the refund from your spouse's return cannot be applied to your liability.
- Include your spouse's social security number if you are married whether a joint or separate return is filed. Enter zeros (000-00-0000) if your spouse has no social security number. If your spouse is a nonresident alien, enter "NRA."
- Attach your employee earning statements (HW-2's or federal W-2's) to the front of your return.
- If someone prepares your tax return and charges you a fee, the preparer must sign and complete the Paid Preparer's Information box.
- Please mail on or before April 20, 1996.
- Please place proper postage on envelope before mailing.
- Keep a copy of your return for your records.
- If you would like a copy of the Hawaii Taxpayer's Bill of Rights, please contact any District Tax Office.

Note for 1995

- The 25% deduction for health insurance costs of self-employed individuals, which was enacted by Congress in March 1995 for tax years beginning after December 31, 1993, has NOT been adopted for Hawaii purposes at the present time. A conformity bill will be introduced to the 1996 Hawaii Legislature to adopt this provision. You CANNOT take the deduction until it has been enacted by the State of Hawaii.
- The Department of Taxation announces the issuance of *Tax Facts*, a news brief, which provides information on a specific tax topic. The *Tax Facts* is a Department initiative aimed to "get the word out" to as many taxpayers as possible. The *Tax Facts* in this instruction booklet covers the use tax, one of the least understood taxes in Hawaii. It is contained on the inside of the backcover, page 55. Many taxpayers are not aware they may be subject to the use tax if they buy a mail order catalog product or purchase goods outside of Hawaii. Since Hawaii's Tax System has always operated under the concept of voluntary compliance, *Tax Facts* will educate and inform taxpayers plus answer questions about tax requirements which Hawaii taxpayers should know of and comply with.

STATE OF HAWAII — DEPARTMENT OF TAXATION

RELATED FEDERAL/HAWAII TAX FORMS

Federal Form Number	Title or Description of Federal Form	Comparable Hawaii Form	Copy of Fed. Form May Be Submitted+
W-2	Wage and Tax Statement	HW-2	Yes
W-4	Employee's Withholding Allowance Certificate	HW-4	No
W-10	Dependent Care Provider's Identification and Certification	HW-16	No
1040	U.S. Individual Income Tax Return	N-12	No
1040 Sch A	Itemized Deductions	None	No
Sch B	Interest and Dividend Income	None	No
Sch C	Profit or Loss from Business	None	Yes*
Sch C-EZ	Net Profit From Business	None	Yes*
Sch D	Capital Gains and Losses	None	No
Sch E	Supplemental Income and Loss	None	Yes*
Sch F	Farm Income and Expenses	None	Yes*
Sch R	Credit for the Elderly or the Disabled	None	No
1040A	U.S. Individual Income Tax Return (short form)	N-13	No
1040ES	Estimated Tax for Individuals	N-1	No
1040EZ	Income Tax Return for Single and Joint Filers With No Dependents	None	No
1040NR	U.S. Nonresident Alien Income Tax Return	None	No
1040X	Amended U.S. Individual Income Tax Return	N-188X	No
1045	Application for Tentative Refund	N-109	No
1128	Application for Change in Accounting Period	None	Yes
1310	Statement of Person Claiming Refund Due a Deceased Taxpayer	N-110	No
2038	Questionnaire — Exemption Claimed for Dependent	None	No
2106	Employee Business Expenses	None	Yes
2106-EZ	Unreimbursed Employee Business Expenses	None	Yes
2119	Sale of Your Home	N-103	No
2120	Multiple Support Declaration	None	Yes
2210	Underpayment of Estimated Income Tax by Individuals and Fiduciaries	N-210	No
2441	Child and Dependent Care Expenses	Sch X	No
2688	Application for Additional Extension of Time to File U.S. Individual Income Tax Return	N-101B	No
2848	Power of Attorney and Declaration of Representative	N-848	Yes
3903	Moving Expenses	N-139	No
4562	Depreciation and Amortization	None	Yes
4684	Casualties and Thefts	None	Yes
4797	Sales of Business Property	Sch D-1	No
4835	Farm Rental Income and Expenses	None	Yes
4852	Employee's Substitute Wage & Tax Statement	L-15	No
4868	Application for Automatic Extension of Time to File U.S. Individual Income Tax Return	N-101A	No
4952	Investment Interest Expense Deduction	N-158	No
4970	Tax on Accumulated Distribution of Trusts	N-405	No
4972	Tax on Lump-Sum Distributions	N-152	No
5213	Election to Postpone Determination (Hobby Losses)	None	Yes
5329	Return for Additional Taxes Attributable to Qualified Retirement Plans (Includings IRA's), Annuities and Modified Endowment Contracts	None	No
5884	Jobs Credit	N-884	No
6198	At-Risk Limitations	None	Yes
6252	Installment Sale Income	None	Yes
6781	Gains and Losses From Section 1256 Contracts and Straddles	None	Yes
8582	Passive Activity Loss Limitations	None	Yes
8586	Low-Income Housing Credit	N-586	No
8615	Computation of Tax for Children Under Age 14 Who Have Investment Income of More Than \$1,000	N-615	No
8814	Parent's Election to Report Child's Interest and Dividends	N-814	No
8824	Like-Kind Exchanges	None	Yes
8829	Expenses for Business Use of Your Home	None	Yes

+If "Yes" is indicated and there is no Hawaii equivalent form, the federal form must be used.

*Please be sure to write your Hawaii General Excise ID Number on the schedule.

Forms N-11 and N-12 — General Instructions

Who Must File

1. Every individual doing business in Hawaii during the taxable year must file a return, whether or not he or she derives any taxable income from that business. "Doing business" includes all activities engaged in or caused to be engaged in with the object of gain or economic benefit, direct or indirect, except personal services performed as an employee under the direction and control of an employer. For example, every person receiving rents from property owned in Hawaii is "doing business" and must file a return whether or not his or her expenses exceed the gross rental income.

2. Every individual receiving more than the following amounts of gross income subject to taxation Hawaii Income Tax Law must file a return:

- For single or legally separated individuals: \$2,540, for individuals under 65; \$3,580, for individuals 65 or older.
- For a married couple filing jointly: \$3,980, if both are under 65; \$5,020, if one is 65 or older; \$6,060, if both are 65 or older.
- For married persons filing separately: \$1,990, for individuals under 65; \$3,030, for individuals 65 or older.
- For a single head of household: \$2,690, for individuals under 65; \$3,730, for individuals 65 or older.
- For a qualifying widow or widower with a dependent child: \$2,940, for individuals under 65; \$3,980, for individuals 65 or older.

These threshold amounts will be higher for persons who are blind, deaf, or totally disabled, and who have completed and filed a certification of their disability on Forms N-172 and N-857 **before** filing their income tax return.

3. Individuals who took up residence in Hawaii after attaining the age of 65 years and before July 1, 1976, may elect to be taxed only on Hawaii source income. See *Election Under Act 60, SLH 1976*, below.

4. Children who receive unearned income during the taxable year and have not attained the age of 14 years before the end of the taxable year must file their own returns to report their income unless their parent or parents report that income. Children may need to file Form N-615, Computation of Tax for Children Under Age 14 Who Have Investment Income of More than \$1,000. Parents may report income of their children by filing Form N-814, Parent's Election to Report Child's Interest and Dividends.

5. If you need to report additional tax from Form N-2, Distribution from an Individual Housing Account; Form N-103, Sale of Your Home; Form N-152, Special 5-Year Averaging Method; Form N-312 or N-312A, Recapture of Capital Goods Excise Tax Credit; Form N-405, Tax on Accumulation Distribution of Trusts; Form N-586, Recapture of Low-Income Housing Tax Credit; or Form N-814, Parent's Election to Report Child's Interest and Dividends, then you must file a return regardless of income level.

Who Should File

Even if you do not have to file, you should file to get a refund if too much income tax was withheld from your pay. Also, if you are eligible for refundable credits, you need to file a return to claim the credits.

Residents and Nonresidents

Resident

A resident is taxed on income from all sources.

A resident must file an Individual Income Tax Return—Resident (Form N-11, N-12, or N-13), if required to do so.

A Hawaii resident is an individual who is domiciled for the entire year in Hawaii, whether or not temporarily outside of Hawaii. An individual domiciled outside Hawaii is nevertheless presumed to be a resident if he or she spends more than 200 days in Hawaii during the taxable year. This presumption may be overcome by evidence satisfactory to the Department of Taxation that the individual maintained a permanent place of abode outside the State and was in the State for a temporary or transitory purpose. No person shall be deemed to have gained or lost a residence simply because of his or her presence or absence in compliance with military or naval orders of the United States, while engaged in aviation or navigation, while temporarily relocated by an employer, or while a student at any institution of learning. See Tax Information Release No. 90-3, *"Income Taxation and Eligibility for Credits of an Individual Taxpayer Whose Status Changes from Resident to Nonresident or from Nonresident to Resident"*.

Nonresident

A Hawaii nonresident is an individual who is in Hawaii for a temporary or transient purpose, and whose permanent domicile is not Hawaii.

A nonresident must file an Individual Income Tax Return—Nonresident (Form N-15), if required to do so, and will be taxed on income from Hawaii sources only. A nonresident married to a Hawaii resident may choose to file a joint return with the resident spouse on Form N-12; **however, the nonresident will then be taxed on all income from all sources.** For more information, see *Married Filing Joint Return* on page 7.

Election Under Act 60, SLH 1976

Individuals who took up residence in Hawaii after attaining the age of 65 years and before July 1, 1976, may elect to be taxed only on Hawaii source income. These individuals are taxed just like nonresidents. To make the election, attach a signed statement to Form N-12 setting forth the date that the individual established residence in Hawaii and the individual's date of birth (which must be before July 1, 1911). Individuals making this election must file a return regardless of the amount of income earned, and **may not use Form N-11.**

Part-Year Resident

A part-year resident is an individual who was a Hawaii resident for part of the year, and who was a nonresident during the other part of the year. This includes those who moved to Hawaii during the year and those who moved away from Hawaii during the year.

A part-year resident must file an Individual Income Tax Return—Resident long form (Form N-12), if required to do so, and will be taxed on ALL income from all sources during the period of residency, and on income from Hawaii sources only during the period of nonresidency. If a joint return is filed, the couple will be taxed on all income from all sources during the period in which either spouse was a resident.

Domicile Defined

The term "domicile" means the place where an individual has a true, fixed, permanent home and principal establishment, and to which place the individual has, whenever absent, the intention of returning. It is the place in which an individual has voluntarily fixed the habitation of himself or herself and family, **not for a mere special or temporary purpose, but with the present intention of making a permanent home.** Three things are necessary to create a new domicile: first, abandonment of the old domicile; second, the intent to establish a new domicile; and third, actual physical presence in the new domicile. Once a domicile is established, the intent to abandon it is not itself sufficient to create a new domicile; a new domicile must be shown.

Reminder: If you are in Hawaii because of military orders and do not intend to make Hawaii your permanent home, you are not considered a Hawaii resident for income tax purposes, even though you have been in Hawaii for more than 200 days in 1995. File a resident return with your home state, and file a Hawaii nonresident return (Form N-15) to report your Hawaii income.

Resident and Nonresident Examples

Note: For more information, see Tax Information Release No. 90-3, *"Income Taxation and Eligibility for Credits of an Individual Taxpayer Whose Status Changes from Resident to Nonresident or from Nonresident to Resident"* and Tax Information Release No. 90-10, *"Clarification of Taxation and the Eligibility for Personal Exemptions and Credits of Residents and Nonresidents in the Military and Spouses and Dependents of Persons in the Military"*.

Example 1—A Hawaii resident who enlists in the military normally will remain a Hawaii resident regardless of the length of absence from Hawaii while stationed outside of Hawaii.

Example 2—A Hawaii resident working in a foreign country will remain a Hawaii resident unless permanent resident status is granted by the foreign country.

Example 3—Foreign students, researchers, and faculty members who are granted entry into the United States on "F", "H", "J", or "Q" visas are nonresidents for Hawaii tax purposes.

Example 4—Spouses of those in the military service do not become Hawaii residents if their principal reason for moving to Hawaii was the transfer of the service member spouse to Hawaii, and if it is their intention to leave Hawaii when the service member spouse either is transferred to another military station or leaves the service.

Example 5—A Hawaii resident who marries a nonresident will remain a

Hawaii resident unless the three requirements for changing his or her domicile are also met. (Refer to "Domicile Defined" above.) This situation applies in reverse to a nonresident who marries a resident. A person's residence status will not change just because of marriage.

Which Form to File

You must file resident Form N-11, N-12, or N-13, as appropriate, if you were a resident during any part of the year. File nonresident Form N-15 if you were a nonresident for the whole year.

Generally, you MUST use Form N-11 if:

- You filed a federal resident tax return (Form 1040, 1040A, 1040EZ, 1040-T, or 1040PC) for the calendar year;
- You were a resident for the **full** year, or, if married filing jointly, **either** spouse was a resident for the full year;
- You were born after June 30, 1911, **or** you do not make the *Election Under Act 60, SLH 1976* described above; and
- If you are married:
 - Your filing status is the same on your federal and Hawaii tax returns, **or**
 - You are filing a joint Hawaii return and both you and your spouse are filing federal returns.
- But if you qualify to file Form N-13, you may file it instead of Form N-11.

Note: If a resident taxpayer died during the year, a return for that taxpayer (including a joint return for a surviving spouse) must be filed on Form N-11 if the corresponding federal return is filed. See *Death of Taxpayer* below.

You MUST use Form N-15 if:

- You were a nonresident for the **full** year, or, if married filing jointly, **both** spouses were nonresidents for the full year.

You MUST use Form N-12 if:

- You are not required to use Form N-11 or Form N-15.
- But if you qualify to file Form N-13, you may file that form instead of Form N-12.
- You file your return on a fiscal year basis.

You MAY Be Able to Use Form N-13 if:

- You were a resident for the **full** year, or, if married filing jointly, **either** spouse was a resident for the full year;
- You had only wages, salaries, tips, interest, ordinary dividends, and unemployment compensation, **AND**
- Your taxable income (adjusted gross income less standard deduction and personal exemptions) is less than \$100,000.

Form N-13 is a simplified form. However, Form N-11 or Form N-12 may allow you to pay less tax.

If you are eligible to file Form N-13 but you filed a federal resident return, you may want to file Form N-11 instead because it uses information you already entered on your federal return, and allows you take the same deductions and credits that would be available on Form N-12.

To see if you qualify to use Form N-13, see the instructions for Form N-13.

When to File

NOTE: If any due date falls on a Saturday, Sunday, or legal holiday, substitute the next regular work day as the due date.

You should file as soon as you can after January 1, but not later than April 20, 1996. If you file late, you may have to pay penalties and interest. Please see the instructions for **Penalties and Interest** on page 34. If you know that you cannot meet the deadline, you should ask for an extension on Form N-101A, Application for Automatic Extension of Time to File Hawaii Individual Income Tax Return. This is an extension of time to file, not an extension of time for payment of tax.

Note: Returns for fiscal year taxpayers must be filed on or before the 20th day of the fourth month following the close of the fiscal year.

The official U.S. Post Office cancellation mark will be considered primary evidence of the date of filing of tax documents and payments. If you want to keep evidence that you mailed your return on time, ask your Post Office for a Certificate of Mailing. It is NOT necessary to get a certified or registered mail return receipt.

Where to File

Please use the addressed envelope that came with your forms. If you do not have an addressed envelope, or if you moved during the year, mail your return to the taxation district office in which you reside or have your principal place of business. If you have no residence in Hawaii, file with the Oahu District Office, P.O. Box 3559, Honolulu, Hawaii 96811-3559.

The State of Hawaii is divided into four taxation districts. You should file

your return, pay your tax, get your forms, or conduct other Hawaii tax affairs with the taxation district office located in the county where you reside or have your principal business.

MAILING ADDRESSES

OAHU DISTRICT OFFICE
P.O. Box 3559
Honolulu, Hawaii 96811-3559

HAWAII DISTRICT OFFICE
P.O. Box 1377
Hilo, Hawaii 96721-1377

MAUI DISTRICT OFFICE
P.O. Box 913
Wailuku, Hawaii 96793-0913

KAUAI DISTRICT OFFICE
P.O. Box 1688
Lihue, Hawaii 96766-5688

DISTRICT OFFICE LOCATIONS

OAHU DISTRICT OFFICE
830 Punchbowl Street
Honolulu, Hawaii 96813-5045
Telephone:
For tax information:
(808) 587-6515 (Jan. - April 20)
(808) 587-4242
Toll-Free 1-800-222-3229
To request tax forms:
(808) 587-7572
Toll-Free 1-800-222-7572

HAWAII DISTRICT OFFICE
State Office Building
75 Aupuni Street
Hilo, Hawaii 96720-4253
Telephone: (808) 933-4321

MAUI DISTRICT OFFICE
State Office Building
54 High Street
Wailuku, Hawaii 96793-2126
Telephone: (808) 243-5383

KAUAI DISTRICT OFFICE
State Office Building
3060 Eiwa Street
Lihue, Hawaii 96766-1310
Telephone: (808) 241-3456

Other Information

Death of Taxpayer

Did the taxpayer die before filing a return for 1995? If so, the taxpayer's spouse or personal representative may have to file a return and sign it for the person who died (decedent) if the decedent was required to file a return. A personal representative can be an executor, administrator, or anyone who is in charge of the taxpayer's property.

If the decedent did not have to file a return but either had State income tax withheld, made estimated tax payments, or is eligible for various tax credits, a return must be filed to get a refund.

If your spouse died in 1995 and you did not remarry in 1995, or if your spouse died in 1996 before filing a return for 1995, you may still file a joint return for the 1995 tax year.

A return filed for a deceased taxpayer, including a joint return with a surviving spouse, must have the word "**DECEASED**" written in the upper left hand corner of the return. The word "**DECEASED**" and the date of death also must be written after the deceased taxpayer's first name and middle initial in the name and address area of the tax return.

Generally, the personal representative or other responsible individual must sign the return on behalf of the decedent. **If a refund is due, Form N-110, Statement of Person Claiming Refund Due a Deceased Taxpayer**, must be completed and attached to the return to ensure that the refund check will be issued in the name of the surviving spouse, personal representative, or other responsible individual instead of in the decedent's name. A personal representative or other individual may be required to attach other documents; see Form N-110 for further information.

Exception for joint returns filed by surviving spouse. If a *joint* return is being filed by the decedent's spouse, the spouse should write "Filing as surviving spouse" on one of the lines provided for the taxpayer's signature. If a refund is being claimed on the return, Form N-110 is not required. The refund check will be issued to the surviving spouse.

Filing a Final Return

If you are giving up your Hawaii residency during the year, write the words "**FINAL RETURN**" in the upper left hand corner of the return. Also, fill in the appropriate period of your Hawaii residency on the line which begins "or other tax year beginning..."

Declaration of Estimated Tax

Basic rules. Individuals who must pay more tax than is withheld, or who have no withholding, may have to file a declaration of estimated tax and pay that tax in a lump sum or installments. Income tax obligations might not be satisfied through withholding when an individual has income not subject to

withholding, such as from self-employment, rent, gains from sales of property, interest and dividend income, unemployment compensation, or distributions from deferred compensation plans.

Who Must File a Declaration on Form N-1. An individual subject to Hawaii net income tax generally must file Form N-1, *Declaration of Estimated Tax for Individuals*, unless: (a) if his or her estimated tax liability for the taxable year, after taking into account all taxes withheld or collected at the source, is less than \$500, or (b) the taxpayer did not have any tax liability for the preceding taxable year. See Form N-1 for details.

Date and Payment of Estimated Tax. Your declaration for 1996 must be filed on or before April 20, 1996. The tax may be paid in full with the declaration, or in equal installments on or before April 20, 1996, June 20, 1996, September 20, 1996, and January 20, 1997. Each installment payment must be submitted with a payment voucher. Make checks or money orders payable to the "Hawaii State Tax Collector".

Penalties. If you are required to file a declaration but you fail to do so, you may be subject to penalties. See *Penalties and Interest* on page 34.

Multistate Tax Compact Act

Any taxpayer, other than a corporation acting as a business entity in more than one state, who is required by Hawaii Income Tax Law to file a return and whose only activities in the State consist of sales and who does not own or rent real estate or tangible personal property and whose annual gross sales in or into the State during the tax year are not in excess of \$100,000, may elect to report and pay a tax of .5 percent of such annual gross sales. Taxpayers who elect the foregoing shall file Form N-310 in lieu of Form N-11 or Form N-12.

Steps for Preparing Your Return

These instructions consist of 9 steps. You should complete the first 3 steps that follow BEFORE you begin to fill in your return.

Step 4, filling in the return through line 6e, is the same for Forms N-11 and N-12. Step 5, filling in the rest of the return, depends on which return you file. The Line-By-Line Instructions for Form N-11 begin on page 9 and end on page 22. For Form N-12, they begin on page 23 and end on page 34.

Finally, steps 6 through 9 begin on page 34. These are the steps you should take after your Form N-11 or N-12, and other schedules and forms you need, are filled in.

If you follow these steps and read the Line-By-Line Instructions, we feel you can fill in your return quickly and accurately. If you have any questions, call or visit your taxation district office.

Step 1

Get all of your income records together.

These include any Forms HW-2 and federal Forms W-2 or 1099 that you received. If you don't receive a Form HW-2 or federal Form W-2 by January 31, or if the one you get isn't correct, please contact your employer as soon as possible. Only your employer can give you a Form HW-2 or federal Form W-2, or correct it. If you cannot get a Form HW-2 or federal Form W-2 by February 15, please contact your taxation district office.

If you have someone prepare your return for you, make sure that person has all your income and expense records so he or she can fill in your return correctly. Remember, even if someone else prepares your return incorrectly, YOU are still responsible.

Step 2

If you plan to claim tax credits or itemize deductions, get the information and expense records you need.

These instructions tell you what credits and deductions you can claim. Some of the records you may need are:

- Medical and dental payment records.
- Real estate and income tax receipts.
- Interest payment records for a home mortgage.
- Receipts for charitable contributions.

Step 3

Get any forms, schedules, or information you need.

Resident tax form and instruction packages are automatically mailed to you based on the return you filed last year, unless you request otherwise. Make sure that all the forms you need are in the package you receive.

If you need any other forms and instructions, you may pick them up at any district tax office. You may also request that the forms be mailed to you.

Please allow approximately 10 days for the mailing of the tax forms. See page 5 for the location of your district tax office or phone number to request the forms you need.

Step 4

Fill in your name, address, filing status, and exemptions.

Take the mailing label from the forms booklet or postcard we sent to you and attach it to your return. Make sure the information is correct. Draw a line through any incorrect information and write the correct information directly onto the label. Add any missing information, such as apartment number. If the label is for a joint return and the social security numbers are not listed in the same order as the first names, show the numbers in the correct order.

Do not attach your label to the return until you have completed and checked all entries. Use of the label helps us identify your account, saves processing time, and speeds refunds.

Do not attach your label to the envelope. It may get separated from your return.

If you did not receive a label, print or type the entries in this section.

Do not use the IRS mailing label.

Name

You must use your legal name. Nicknames are not permitted. If you have changed your name because of marriage, divorce, etc., make sure you immediately notify the Social Security Administration so that the name on your tax return is the same as the name on the social security records. If these names do not match, your refund may be delayed.

If you file joint returns, write the names in the same order every year.

Write any descriptions (e.g. Jr., III, etc.) after your last name. If filing a joint return and if you and your spouse have different last names, list your last names in the same order as your first names and separate them with an "and". For example, John Keawe and Mary Aloha should write their last names as "Keawe and Aloha".

Address

Write your current mailing address in the space provided. If you receive your mail "in care of" someone else (i.e., your mail is sent to an address belonging to someone other than yourself), fill in that person's name on the "c/o" line below your name.

Important: If your address should change after you file your return, you must notify the Department **in writing** of your new address. Any refund checks due to you will **not** be forwarded to your new address by the U.S. Postal Service, and you might not receive your income tax forms and instructions next year.

Social Security Number

Write your social security number in the space provided. If you are married, you must also write your spouse's social security number in the space provided whether joint or separate returns are filed. Your social security numbers must be written in the same order as your names are written on your return.

If your spouse is a nonresident alien and does not have a social security number, write "NRA" in the block for your spouse's social security number.

Occupation

Write your occupation in the space provided. If married and filing a joint return, write the occupation of the spouse whose name is written first in the box for "Your occupation", and write the other spouse's occupation in the box for "Spouse's occupation".

Hawaii Election Campaign Fund

The check boxes for the Hawaii Election Campaign Fund appear on page 1 of Form N-12, and on page 2 of Form N-11.

This fund was established by the Hawaii State Legislature to support public financing of Hawaii governor's election campaigns.

You may have \$2 go to the fund by checking the "Yes" box. On a joint return, one or both of you may choose to have \$2 go to this fund, or both may choose not to.

If you check "Yes," it will not change the tax or refund shown on your return.

Filing Status

Check either box 1, 2, 3, 4, or 5 as appropriate. Do not put a check in more than one box.

Single

Select box 1, Single, if on December 31, 1995, you were unmarried, divorced, or separated from your spouse under a separate maintenance decree. State law governs whether you are married, divorced, or legally separated.

If you are married on December 31, 1995, consider yourself married for the whole year.

If your spouse died during 1995, consider yourself married to that spouse for the whole year, unless you remarried before the end of 1995.

If you are unmarried and provide a home for certain other persons, you may be able to file as Head of Household. See *Head of Household* on this page.

If you were married in 1995, had a child living with you, and lived apart from your spouse during the last 6 months of 1995, you may be able to file as Head of Household. See *Married Persons Who Live Apart (and Abandoned Spouses)* on this page.

Married Filing Joint Return

In most cases, married couples will pay less tax if they file a joint return. You must report all income, exemptions, deductions, and credits for you and your spouse. Both of you must sign the return, even if only one of you had income.

You and your spouse can file a joint return even if you did not live together for the whole year. Both of you are responsible for any tax due on a joint return, so if one of you doesn't pay, the other may have to.

Note: If you and your spouse file a joint return for the year and later decide to file separately, both you and your spouse must file amended returns on or before the due date of the original return. You may not change your filing status from married filing jointly to married filing separately after that date.

If your spouse died in 1995 or in 1996 before filing a return for 1995, see *Death of Taxpayer* on page 5.

Tax Savings. If you decide not to file a joint return and plan to file a separate return, see if you can lower your tax by meeting the tests described on this page under *Married Persons Who Live Apart (and Abandoned Spouses)*. If you can, you should check Box 4 for Head of Household.

Special Rule for Nonresidents of Hawaii Who File a Joint Return With a Hawaii Resident. If at the end of the taxable year you were a nonresident of Hawaii (but you were a U.S. resident) who is married to a resident of Hawaii, you may choose to file a joint return with the resident spouse. By filing a joint return, however, you and your spouse agree to be taxed on your combined worldwide income.

Special Rule for Nonresident and Dual-Status Aliens. Generally, you cannot file a joint return if either spouse was a nonresident alien at any time during the tax year. However, nonresident aliens married to U.S. citizens or residents can elect to be taxed as a U.S. resident on their federal income tax return and file joint returns. If you and your spouse have made that election on your federal return, you also may choose to file a joint Hawaii return. By filing a joint return, you and your spouse agree to be taxed on your combined worldwide income.

Special Rule When One Spouse Is a Nonresident or Part-Year Resident. If one spouse is a resident and the couple files a joint return, both spouses are taxed on worldwide income. If at least one spouse is a part-year resident and the couple files a joint return, the couple is taxed on worldwide income for the period in which either spouse was a resident.

Note: For purposes of filing a joint return, common law marriages are not recognized under Hawaii law unless they began in a state which permits common law marriages.

Married Filing Separate Returns

You may file separate returns whether both you and your spouse had income, only one of you had income, or neither of you had income.

If you choose to file separate returns, both you and your spouse must figure your tax the same way. This means that if one of you itemizes your deductions, the other must also itemize their deductions. You each report only your own income, exemptions, deductions, and credits, and you are responsible only for the tax due on your own return.

If you file a separate return, write your spouse's full name in the space after Box 3 and your spouse's social security number in the block provided for that number.

If your spouse does not file a Hawaii tax return, you may be able to claim the exemptions for your spouse. See the instructions for lines 6a and 6b.

Married Persons Who Live Apart (and Abandoned Spouses)

You will be considered unmarried if you meet **ALL** of the following tests:

- 1) You file a separate return,
- 2) You paid more than half the cost of keeping up your home for the tax year,

3) Your spouse did not live in your home during the last 6 months of the tax year, and

4) Your home was, for more than 6 months of the year, the principal home of your child, stepchild, adopted child, or foster child whom you can claim as a dependent (or whom you could claim as your dependent except that the noncustodial parent will claim the child as a dependent under the rules discussed on page 8, for *Children of Divorced or Separated Parents*).

If you are considered unmarried under these rules, you will qualify to file as Head of Household.

Head of Household

There are special tax rates for a person who can meet the tests for Head of Household. These rates are lower than the rates for Single or Married Filing Separate Returns.

You may be eligible to file as Head of Household if you were unmarried, or considered unmarried, on the last day of the year. You must have paid more than half the cost of keeping up a home that was the principal home for more than half the year for you and:

- 1) Your unmarried child, grandchild, stepchild, or adopted child. This child does not have to be your dependent.
- 2) Your married child, grandchild, stepchild or adopted child whom you can claim as your dependent without a Multiple Support Declaration (or whom you could claim as your dependent except that the noncustodial parent will claim the child as a dependent under the rules, discussed on page 8, for *Children of Divorced or Separated Parents*).
- 3) Any other relative, including your mother or father, whom you can claim as a dependent without a Multiple Support Declaration. For persons who qualify as a relative, see *Relationship* on page 8.

Also, you may be eligible to file as Head of Household if you were unmarried, or considered unmarried, on the last day of the year, and pay more than half the cost of keeping up a home that was the principal home for the whole year for your mother or father whom you can claim as a dependent without a Multiple Support Declaration, but who does not live with you.

Note: If you receive payments under the Aid to Families with Dependent Children (AFDC) program and use them to pay part of the cost of keeping up this home, you may not count these amounts as furnished by you.

Qualifying Widow(er) With Dependent Child

If your spouse died during 1993 or 1994 and you did not remarry before the end of 1995, file a return for 1995 showing only your own income, exemptions, deductions, and credits. However, you can figure your tax at joint return rates if you meet **ALL 3** of the following tests:

- You could have filed a joint return with your spouse for the year your spouse died. (It does not matter whether or not you actually filed a joint return.)
- Your dependent child, stepchild, or foster child lived with you (except for temporary absences for vacation or school).
- You paid over half the cost of keeping up the home for this child for the whole year.

Check Box 5, Qualifying Widow(er) with Dependent Child, and show the year your spouse died in the space provided. Do not claim an exemption for your spouse. (You can claim the exemption only for the year your spouse died.)

If your spouse died in 1995 and you did not remarry, consider yourself married for the whole year. If your spouse died before **1993** and you did not remarry, you may check Box 4 if you met the tests under **Head of Household**. Otherwise you must file as Single. Also see page 5 of instructions, Death of Taxpayer.

Exemptions

Lines 6a and 6b

Regular

You can take one exemption for yourself unless you can be claimed as a dependent on another person's tax return. Take two exemptions if you are married and filing a joint return. If you are married filing separately, you can take your spouse's exemptions only if your spouse is not filing a return, had no income, and was not the dependent of someone else.

If at the end of the taxable year, you were divorced or legally separated, you cannot take an exemption for your former spouse. If you were separated by a divorce that is not final (interlocutory decree), you may take an exemption for your spouse if you file a joint return.

If your spouse died during the taxable year and you did not remarry before the end of the taxable year, check the boxes for the exemptions you could have taken for your spouse on the date of death.

Nonresident Alien Spouse. If you do not file a joint return, you may claim your spouse's exemption only if your spouse had no income from United States sources and is not the dependent of another taxpayer. When claiming your spouse's exemption, please write "NRA" after the word "Spouse" on line 6b.

Age 65 or Over

You can take the extra exemption for age 65 or over only for yourself and your spouse. You cannot take them for your dependents.

Age is determined as of December 31. However, if your 65th birthday was on January 1, 1996, you can take the extra exemption for age in 1995.

If you are married filing separately, you may NOT claim the extra exemption for age 65 or over for your spouse.

Lines 6c and 6d

Children and Other Dependents

Enter the number of your dependent children listed in the box for line 6c. Enter the number of other dependents listed in the box for line 6d. If you are filing Form N-12, enter on lines 6c and 6d the full names, social security numbers, if any, and other information for your dependent children and other dependents.

Each person you claim as a dependent has to meet **ALL 5** of the tests explained below.

a. Income

The dependent received less than \$2,500 gross income. (This test does not have to be met for your child who was under age 19 at the end of the year, or a full-time student at least 5 months of the year and under 24 years of age at the end of the year. Please see instructions for *Student Dependent* on this page.)

Note: *Gross income does not include nontaxable benefits such as social security or welfare benefits.*

b. Support

The dependent received over half of his or her support from you, or is treated as receiving over half of his or her support from you, under the rules for *Children of Divorced or Separated Parents, or Dependent Supported by Two or More Taxpayers*, on this page. If you file a joint return, the support can be from you or your spouse.

In figuring total support, you must include money the dependent used for his or her own support, even if this money was not taxable (for example, social security benefits, gifts, savings, welfare benefits, etc.). If your child was a student, do not include amounts he or she received as scholarships.

Support includes items such as food, a place to live, clothes, medical and dental care, and education. In figuring support, use the actual cost of these items. However, the cost of a place to live is figured at its fair rental value.

Do not include in support items such as income and social security taxes, premiums for life insurance, or funeral expenses.

Capital Items—You must include capital items such as a car or furniture in figuring support, but only if they are actually given to, or bought by, the dependent for his or her use or benefit. Do not include the cost of a capital item such as furniture for the household or for use by persons other than the dependent.

c. Married Dependent

If married, the dependent did not file a joint return with his or her spouse. However, if neither the dependent nor the dependent's spouse is required to file, but they file a joint return to get a refund of tax withheld, you may claim him or her if the other four tests are met.

d. Citizenship or Residence

The dependent was a citizen or resident of the United States, a resident of Canada or Mexico, or an alien child adopted by and living with a U.S. citizen in a foreign country.

e. Relationship

The dependent met test 1 or 2 below:

- Was related to you (or your spouse if you are filing a joint return) in one of the following ways:

Child	Grandchild	Mother-in-law	or, if related
Mother	Stepchild	Father-in-law	by blood:
Father	Stepbrother	Brother-in-law	Uncle
Brother	Stepsister	Sister-in-law	Nephew
Sister	Stepmother	Daughter-in-law	Aunt
Grandparent	Stepfather	Son-in-law	Niece

- Was any other person who lived in your home as a member of your household for the whole year. A person is not a member of your household if at any time during your tax year the relationship between you and that person is against local law.

The word child includes:

- Your son, daughter, stepson, or stepdaughter.
- A child who lived in your home as a member of your family if placed with you by an authorized placement agency for legal adoption.
- A foster child (any child who lived in your home as a member of your family for the whole year).

Student Dependent. Even if your child had income of \$2,500 or more, you can claim the child as a dependent if he or she can meet tests **b**, **c**, and **d** above; was under 24 years of age at the end of the year, AND

- was a full-time student at a school during any 5 months of 1995, or
- took a full-time on-farm training course during any 5 months of 1995. (The course had to be given by a school or a State or local government agency.)

The school must have a regular teaching staff, a regular course of study, and a regularly enrolled body of students in attendance.

The word school includes:

- elementary, junior and senior high schools;
- colleges and universities; and
- technical, trade, and mechanical schools.

However, school does not include on-the-job training courses or correspondence schools.

Children of Divorced or Separated Parents. The parent having custody of a child for the greater portion of the year (the custodial parent) will generally be entitled to the dependency exemption. This rule applies to parents not living together during the last six months of the calendar year and those divorced or separated under a separation agreement.

This general rule does not apply in the case of the following three exceptions:

- There is a multiple support agreement in effect;
- The custodial parent has agreed to release his or her claim to the dependency exemption to the noncustodial parent in a decree or agreement in effect before January 1985, and the noncustodial parent furnishes at least \$600 support for the child within the taxable year; OR
- The custodial parent relinquishes the exemption and provides the noncustodial parent with a written statement that the custodial parent will not claim the dependency exemption for the taxable year. This statement must be attached to the return of the noncustodial parent who claims the exemption. A copy of federal Form 8332 may be used for this purpose.

Support by the spouse of a remarried parent will be treated as support provided by that parent.

Dependent Supported by Two or More Taxpayers. Sometimes two or more taxpayers together pay more than half of another person's support, but no one alone pays over half of the support. One of the taxpayers may claim the person as a dependent only if the tests for income, married dependent, citizenship or residence, and relationship discussed earlier (tests **a**, **c**, **d**, and **e**) are met.

In addition, the taxpayer who claims the dependent must:

- have paid more than 10% of the dependent's support; and
- attach to his or her tax return a signed federal Form 2120, Multiple Support Declaration, from every other person who paid more than 10% of the support. This form states that the person who signs it will not claim an exemption in 1995 for the person he or she helped to support.

Birth or Death of Dependent. You can take an exemption for a dependent who was born or who died during the taxable year if he or she met the tests for a dependent while alive. This means that a baby who lived only a few minutes can be claimed as a dependent.

Line 6e

Add the numbers you entered in the boxes 6a, 6b, 6c and 6d. Enter the total in the box on line 6e.

Step 5

Fill in your return.

Line-By-Line instructions for filling in Form N-11 begin on page 9 and end on page 22. Line-By-Line instructions for filling in Form N-12 begin on page 23 and end on page 34. Please read and follow the instructions carefully.

Rounding Off to Whole Dollars

You may round off cents to the nearest whole dollar on your return and schedules. But, if you do round off, do so for all amounts. You can drop amounts under 50 cents. Increase amounts from 50 to 99 cents to the next dollar. For example: \$1.39 becomes \$1 and \$2.69 becomes \$3.

Line-By-Line Instructions —

Form N-11

Special Note to Part-Year Residents

Form N-11 is to be filed by full-year residents only. If you were a Hawaii resident for only part of 1995, you must file Form N-12 instead.

Income

An individual who was a Hawaii resident for the **entire** year is subject to income tax on his or her **entire** income, computed without regard to source in the State.

Line 7

Federal Adjusted Gross Income (Federal AGI)

Report the adjusted gross income from Form 1040, line 31; Form 1040A, line 16; Form 1040EZ, line 3; Form 1040-TEL, box F; or enter the equivalent line from Form 1040PC.

Be sure to attach a copy of the first page of your federal return to your Hawaii return. It is not necessary to copy the back side of the first page.

Hawaii Additions to Federal AGI

Line 8

Difference Between State and Federal Wages

If the amount in Form W-2, Box 17 (State wages) is larger than Form W-2, Box 1 (Federal wages), subtract the federal wages from the state wages and enter the difference here. If you receive more than one Form W-2, add the differences from all of the forms. For example, federal employees getting Cost of Living Allowance (COLA) or Living Quarter Allowance will see a difference that must be reported here. State or County employees who are in the contributory plan of the Employees Retirement System also will see a difference that must be reported here.

Line 9

Taxable Refund of State Income Taxes

If you received a refund or credit in 1995 for state income taxes you paid before 1995, you may have to report it as income on your Hawaii income tax return. You should receive federal Form 1099-G, or a similar statement, showing the amount of the refund.

Any part of a refund of state or local income taxes paid before 1995 that you were entitled to receive in 1995 but chose to apply to your 1995 estimated state income tax is considered to have been received in 1995.

Do **not** report your refund as income if the refund was for a year in which you did not itemize your deductions on your state income tax return.

If you received a refund of 1994 taxes and you itemized deductions in 1994, figure the taxable portion of your refund using the *State Tax Refund Worksheet* on this page.

If your refund included taxes from any previous year in which you itemized deductions, a similar calculation must be done for each previous year.

If part of your refund was interest, you should include that part in your federal Form 1040, 1040A, 1040EZ, 1040-TEL, or 1040PC as taxable interest income.

If your 1994 Hawaii AGI was over \$100,000 (\$50,000 for married taxpayers filing separately), you may be able to report a smaller amount of your tax refund as income because your itemized deductions were reduced in 1994. To compute the proper amount, see federal Publication 525, "Taxable and Nontaxable Income", under *Tax Benefit Rule—Previously Limited Itemized Deductions*. In the computation, however, the Hawaii standard deduction amounts must be used, the amount of the refund due to the Hawaii refundable credits listed above is subtracted, and the base amount for the limitation of itemized deductions remains at \$100,000 (\$50,000 for married taxpayers filing separately). If you use this calculation, enter the result on line 8 of the *State Tax Refund Worksheet* on this page.

Line 10

Other Hawaii Additions to Federal AGI

This line is used to report other items that are taxed by Hawaii but are not taxed by the federal government, such as:

- Interest on out-of-state bonds (including municipal bonds).
- Distributions and deemed distributions from Individual Housing Accounts.

- Gain on the sale of your home when moving out of Hawaii.
- Peace Corps compensation.
- Differences in depreciation and gain when the capital goods excise tax credit has been taken.
- Compensation from temporary employment outside the United States.
- Contributions by commercial fishers to a capital construction fund.
- Distributions from certain foreign corporations.
- Other adjustments.

These items are explained in more detail below.

Interest on Out-of-State Bonds, Including Municipal Bonds

If you received interest from bonds issued by another State, or a county, city, or political subdivision of another State (including interest distributions from a mutual fund investing in these bonds), enter the interest on line **a** of the *Hawaii Additions Worksheet* on page 10. Do not include interest from bonds issued by the Governments of Puerto Rico, Virgin Islands and Guam, or any of their political subdivisions. Also, do not include distributions of short-term or long-term **gains** because these amounts are included in federal AGI.

Individual Housing Accounts

If you purchased a principal residence with an Individual Housing Account (IHA), or you are notified by an IHA trustee that you have received a taxable distribution, report the taxable amount on line **b** of the *Hawaii Additions Worksheet* on page 10.

- If you establish an IHA and use it to purchase a first principal residence in Hawaii, one-tenth of the total distribution from the IHA used to purchase

State Tax Refund Worksheet

1. Enter your State tax overpayment (line 60) from your 1994 return
2. Enter from your 1994 Form N-12 the following:
 - a. Credit for child and dependent care expenses (line 50)
 - b. Food/Excise tax credit (line 51)
 - c. Credit for low-income household renter (line 52)
 - d. Credit for general income tax (line 54) ...
 - e. Credit for child passenger restraint system(s) (line 55)
 - f. Medical services excise tax credit (line 57)
3. Add lines 2a through 2f
4. Line 1 minus line 3. If zero or less, stop here; otherwise continue on to line 5
5. Enter amount from your 1994 Form N-12, line 33g
6. Enter the amount shown below for the filing status you claimed on your 1994 Form N-12

Single—	\$1,500
Married filing jointly or qualifying widow(er)—	1,900
Married filing separately—	950
Head of household—	1,650

7. Line 5 minus line 6. Enter the result, but not less than zero
8. Compare the amounts on lines 4 and 7 above and enter the **SMALLER** of the two amounts here.....
9. Enter the taxable part of your refund as reported on your **1995** federal Form 1040, line 10. If this amount is blank, or if you filed Form 1040A, 1040EZ, or 1040-TEL, enter zero here.....
- 10.If line 8 is **LARGER** than line 9, subtract line 9 from line 8. Enter the result here and on Form N-11, line 9
- 11.If line 8 is **SMALLER** than line 9, subtract line 8 from line 9. Enter the result here and on line **b** of the *Hawaii Subtractions Worksheet* on page 12.....

the residential property **MUST** be included as gross income in the taxable year in which the distribution is completed and in each taxable year afterward until all of the distribution has been included in your gross income.

- If you purchased residential property with an IHA distribution and sold it during the ten-year period starting with the year of distribution, whatever has **NOT** been included in your gross income in prior years, must be included in your gross income for the taxable year in which the property is sold. In addition, a penalty tax is imposed. Attach Form N-103, Sale of Your Home, to figure the additional tax.
- If you use an IHA distribution for any purpose **other than** to purchase a first principal residence in Hawaii, or if you borrow against the IHA for such a purpose, the distribution (or the loan amount) is taxable, and a ten percent penalty tax is imposed. The additional tax is the same amount shown in Box 4 of Form N-2, Distribution from an Individual Housing Account, and must be included on line 26.
- If you establish an IHA and later marry a person owning residential property, the IHA will terminate and distribute all of the assets to you. In this case, you must include the total distribution in your gross income. No penalty tax is imposed, but the ten percent is still withheld. Be sure to claim the withheld amount on line 34.
- If an individual establishes an IHA and then dies or becomes totally disabled, special rules apply. Contact your district tax office for further information.

Sale of Home When Moving out of State

If your principal residence is in Hawaii, you sell it in order to buy a new principal residence in another state or country, and you qualify for a deferral of the gain under federal rules, the gain may need to be included here if you are giving up Hawaii residency. Attach Form N-103, Sale of Your Home. If you do recognize gain and you have owned your home longer than one year, you may qualify for a lower tax rate on the gain; be sure to include the gain amount from Form N-103 in the *Tax on Capital Gains Worksheet* on page 18. Enter the amount of gain on line **c** of the *Hawaii Additions Worksheet* on this page.

Peace Corps Compensation

If you received compensation for working with the Peace Corps, include the amount of that compensation on line **d** of the *Hawaii Additions Worksheet* on this page.

Depreciation and Gain Adjustments When Capital Goods Excise Tax Credit Has Been Claimed

If you purchased capital assets, claimed the capital goods excise tax credit, and did not include the amount of the credit as income in the year in which it is properly recognized under your method of accounting, then your adjusted basis in the assets was decreased by the amount of the credit claimed.

- If you are claiming a **depreciation deduction** for any such asset, multiply the depreciation percentage for this taxable year by the amount of the capital goods excise tax credit. Add the results for all of your assets for which the capital goods excise tax credit was claimed, and enter this amount on line **e** of the *Hawaii Additions Worksheet* on this page.
- If you **sold or otherwise disposed of** any such asset, your gain or loss will be different from that reported on your federal return. The difference will be the amount of the capital goods excise credit that has not already been recovered through depreciation deductions. Enter this amount on line **f** of the *Hawaii Additions Worksheet* on this page. In addition, you may need to file Form N-312, Recapture of Capital Goods Excise Tax Credit; see Form N-312 for more information.

Temporary Employment Outside the U.S.

If, while you were a Hawaii resident, you worked outside the United States and you filed federal Form 2555 or 2555-EZ to exclude some of your earned income, you need to add back the amounts here because Hawaii does not have this exclusion. On line **g** of the *Hawaii Additions Worksheet* on this page, enter:

- The amount on Form 2555-EZ, line 18; or
- The **sum** of Form 2555, line 43, and Form 2555, line 48.

Capital Construction Fund for Commercial Fishing

Commercial fishers are permitted to enter into an agreement with the U.S. Department of Commerce to establish a "capital construction fund" to buy or build vessels. This fund is described in federal Publication 595, *Tax Guide for Commercial Fishermen*, and in IRC section 7518. Hawaii has no comparable provision. If you took any adjustments that are coded "CCF" on your federal return, **including** adjustments that are coded "CCF" on any Schedule K-1 that you received because you have an interest in a partnership, trust,

or S corporation that is engaged in commercial fishing, or if you sold any vessels that were bought or built with money from such a fund, call your district tax office for special instructions.

Owners of Certain Foreign Corporations

Certain foreign corporations are classified as Controlled Foreign Corporations (CFCs), Passive Foreign Investment Companies (PFICs), or Foreign Personal Holding Companies (FPHCs). Federal law requires that shareholders of these foreign companies recognize certain income earned by these companies before the companies distribute dividends. Hawaii has no comparable provisions. If you own one or more of these corporations, you had to file federal Form 5471, or you sold stock in any of these kinds of companies, call your district tax office for special instructions.

Other Adjustments

There may be other adjustments to federal AGI that are not discussed in these instructions. Such adjustments arise, for example, if a taxpayer makes an election for federal tax purposes (such as an IRC section 179 election) but does not make the same election for Hawaii tax purposes. If you believe that an additional adjustment is needed to arrive at Hawaii adjusted gross income, enter the amount of the adjustment on line **h** of the *Hawaii Additions Worksheet* below, write "X" on the dotted line next to line 10, and attach an explanation to Form N-11 that includes the amount of the adjustment and how you calculated it.

Hawaii Additions Worksheet	
a	Interest on out-of-state bonds, including municipal bonds _____
b	Taxable amount relating to Individual Housing Account .. _____
c	Gain on sale of principal residence to purchase a principal residence out of state _____
d	Peace Corps compensation _____
e	Capital goods depreciation adjustment _____
f	Capital goods gain adjustment _____
g	Excluded income earned outside the U.S. _____
h	Other adjustments (attach separate explanation to Form N-11) _____
i	Add lines a to h . Enter here and on Form N-11, line 10.. _____

Line 11

Total Hawaii Additions to Federal AGI

Add the amounts on lines 8, 9, and 10. Enter the result on this line.

Line 12

Add lines 7 and 11. Enter the result on this line.

Hawaii Subtractions from Federal AGI

Line 13

Pensions

Hawaii does not tax qualifying distributions from an employer-funded pension plan. If you received qualifying distributions from an employer-funded profit sharing, defined contribution, or defined benefit plan, or from a government retirement system (e.g., federal civil service, military pension, state or county retirement system), enter the qualifying amount here.

Nontaxable Distributions

The following lines describe what qualifying distributions are. These qualifying distributions were included in your federal AGI and will be excluded on this line. For a distribution to qualify, it must be paid by a pension plan by reason of retirement, disability, or death. The pension plan does not have to be a "qualified plan" as defined in section 401 of the Internal Revenue Code.

Employer-Funded Pension Plans

The following three types of distributions are not taxed by Hawaii and do not need to be reported on Form N-12:

- (1) Pension or annuity distributions from a public (i.e. government) retirement system (e.g. federal civil service annuity, military pension, state or county retirement system), and
- (2) Distributions from a private employer pension plan received upon

retirement (including early retirement and disability retirement) if the employee did not contribute to the pension plan.

(3) Distributions from a pension plan at age 70-1/2 that are made to comply with the federal mandatory payout rule do qualify as a retirement payment whether or not the employee is still working full time.

Distributions from a private employer pension plan received upon retirement are partially taxed by Hawaii if the employee contributed to the pension plan.

Rollover IRAs

A rollover IRA is treated as a continuation of the original plan that provided the money that is rolled over. If distributions from the original plan would be characterized as a qualified distribution, distributions out of the rollover IRA need not be reported as well.

Taxable Pensions and Annuities

Early Distributions

Early distributions from a pension plan that are subject to the 10 per cent federal penalty tax do not qualify and are taxable.

Deferred Compensation Plans

Distributions from a deferred compensation plan may be partly or fully taxable. A deferred compensation plan includes any plan in which the employee has a choice of whether to contribute money into the plan or take that amount in cash or property. Examples include 401(k) plans, salary reduction Simplified Employee Pension (SARSEP) plans, the Federal Thrift Savings Plan, and section 457 plans like the State of Hawaii Deferred Compensation Plan.

Annuity Plans

Retirement vehicles that you fund yourself, such as annuity plans and Individual Retirement Accounts (IRAs) that are not funded through a Simplified Employee Pension (SEP) plan, are considered to be your own investments. Distributions from these plans may be fully or partly taxable, depending on whether your IRAs include deductible or nondeductible contributions. See federal Publication 590 and federal Form 8606, for more details.

Rollover IRAs

A rollover IRA is treated as a continuation of the original plan that provided the money that is rolled over. If distributions from the original plan would be characterized as a taxable, distributions out of the rollover IRA would be taxable as well.

Hybrid Plans

If you received a distribution from a plan that is partly pension and partly deferred compensation, such as a 401(k) plan with a profit sharing component or an employer matching program, a SEP plan with employer contributions as well as a salary reduction option, or a similar hybrid plan, attach Schedule J to figure the taxable amount.

Lump-Sum Distributions

If you received a lump-sum distribution from a pension plan and you are electing to use the special five-year or ten-year averaging method, attach Schedule J and Form N-152, Tax on Lump Sum Distributions, to figure the taxable amount.

Note: If your lump-sum distribution included capital gain amounts and you made the capital gain election on Form N-152, you may be able to reduce your tax by including the capital gain amounts in the Tax on Capital Gains Worksheet. See the instructions on page 18.

To compute the taxable portion of your annuity or pension, use Schedule J.

Caution: Certain transactions, such as loans against your interest in a qualified plan, may be treated as taxable distributions.

Line 14

Social Security Benefits

Hawaii does not tax Social Security or first tier Railroad Retirement Act benefits. Enter the amount from Form 1040, line 20b, or Form 1040A, line 13b.

Line 15

Military Reserve or Hawaii National Guard Duty Pay Exclusion

Hawaii does not tax the first \$1,750 received by each member of the

reserve components of the army, navy, air force, marine corps, coast guard of the United States of America, and the Hawaii national guard, as compensation for performance of duty as such. If you qualify, enter the **smaller** of:

- \$1,750, or
- Your pay, as shown on Box 17 of the Form W-2 sent to you by your reserve component.

If you are married filing a joint return, and you and your spouse qualify, add the exclusions for both of you and enter the total on line 15.

Line 16

Payments to an Individual Housing Account

You may be able to deduct from your gross income up to \$5,000 paid in cash during the taxable year into a trust account which is established for saving for a down payment on your first principal residence. A deduction not to exceed \$10,000 shall be allowed for a married couple filing a joint return. No deduction shall be allowed on any amounts distributed less than 365 days from the date on which a contribution is made to the account. Any deduction claimed for a previous taxable year for amounts distributed less than 365 days from the date on which a contribution was made shall be disallowed and the amount deducted shall be included in the previous taxable year's gross income and the tax reassessed. The account is to encourage first-time home buyers to save money for a down payment on a home.

The "first principal residence" means a residential property purchased with the payment or distribution from the individual housing account which shall be owned and occupied as the only home by an individual who did not have any previous interest in, individually, or if the individual is married, whose spouse did not own any interest in a residential property inside or outside of Hawaii within the last 5 years of opening the IHA.

The amounts paid in cash allowable as a deduction for all taxable years are limited to \$25,000, in the aggregate, excluding interest earned or accrued. This limitation also applies to married individuals having separate accounts; the sum of such separate accounts and the deduction shall not exceed \$25,000 in the aggregate, excluding interest income earned or accrued.

For more details, consult your taxation district office.

Line 17

Other Hawaii Subtractions From Federal AGI

This line is used to report other items that are taxed by the federal government but are not taxed by Hawaii, such as:

- Interest on federal obligations, including U.S. Savings Bonds.
- Interest earned on an Individual Housing Account.
- Compensation earned by patients with Hansen's disease.
- Expenses not allowed on your federal return because they were connected with federal credits.
- Unearned income of children that you included in your federal return, if the children are filing Hawaii returns.
- Benefits from or premiums paid to legal services plans.
- Deferred income relating to a commercial fisher's Capital Construction Fund.
- Undistributed income earned by certain foreign corporations.

These items are explained in more detail below.

Interest on Federal Obligations, Including U.S. Savings Bonds

If you reported for federal purposes any interest received on federal obligations, including Treasury bills and notes and U.S. Savings Bonds, enter the amount of that interest on line **a** of the *Hawaii Subtractions Worksheet* on page 12.

For more information about what kinds of obligations should be reported here, see Tax Information Release No. 84-1, "Taxability of Interest on U.S. Obligations".

If you filed federal Form 8815: If you redeemed U.S. Savings Bonds to pay for higher education tuition and fees and excluded some or all of the interest for federal purposes, subtract the amount from Form 8815, Line 14, before entering it on line **a**. That amount was already excluded on your federal return.

Hawaii Tax Refund Adjustment

See the instructions for line 9, *Taxable Refund of State Income Taxes*, on page 9. In some cases, the worksheet may call for an adjustment to be made here.

Interest on an Individual Housing Account

If you have an Individual Housing Account, enter the interest earned by the account, as it appears on federal Form 1099-INT, on line **c** of the *Hawaii Subtractions Worksheet* below.

Patients With Hansen's Disease

Hawaii does not tax compensation by Hawaii or the U.S. to a patient affected with Hansen's disease (also known as leprosy). Enter the amount of the qualifying compensation on line **d** of the *Hawaii Subtractions Worksheet* below.

Expenses Disallowed Because They Were Connected with Federal Credits

If you are a business taxpayer; you claimed the federal Indian employment credit, the targeted jobs credit, the credit for qualified clinical testing expenses, or the credit for qualified research expenses; and some of your business expenses were disallowed because you took the credits (section 280C, Internal Revenue Code), enter the amount of the disallowed expenses on line **e** of the *Hawaii Subtractions Worksheet* below. Hawaii does not have those credits, and does allow the expense deductions.

Children Having Unearned Income

If you filed federal Form 8814, Parent's Election to Report Child's Interest and Dividends, and you **are not** filing Form N-814 because your child will file a Hawaii tax return, enter the total amount from line 5 of federal Form(s) 8814 on line **f** of the *Hawaii Subtractions Worksheet* below. Attach a copy of Form(s) 8814.

Legal Services Plans

If you received benefits from a qualified group legal services plan or if your employer contributed to a group legal services plan, and you reported these benefits or contributions as taxable income on your federal return, check with your plan to see that it qualifies under Hawaii standards. If it does, Hawaii will not tax these amounts. Enter the amount of federally taxable benefits or contributions on line **g** of the *Hawaii Subtractions Worksheet* below.

Capital Construction Fund for Commercial Fishing

If you took any adjustments that are coded "CCF" on your federal return, **including** adjustments that are coded "CCF" on any Schedule K-1 that you received, or if you sold any vessels that were bought or built with money from such a fund, see page 10 for further information, and call your district tax office for special instructions.

Owners of Certain Foreign Corporations

If you own an interest in a CFC, PFIC, or FPHC, you had to file federal Form 5471, or you sold stock in any of these kinds of companies, see page 10 for further information, and call your district tax office for special instructions.

Other Adjustments

There may be other adjustments to federal AGI that are not discussed in these instructions. Such adjustments arise, for example, if a taxpayer makes an election for federal tax purposes (such as an IRC section 179 election) but does not make the same election for Hawaii tax purposes. If you believe you are entitled to an additional subtraction to arrive at Hawaii adjusted gross income, enter the amount of the adjustment on line **h** of the *Hawaii Subtractions Worksheet* below, write "X" on the dotted line next to line 17, and attach an explanation to Form N-11 that includes the amount of the adjustment and how you calculated it.

Hawaii Subtractions Worksheet

a	Interest on federal obligations. But subtract the amount from line 14 of federal Form 8815	_____
b	Hawaii tax refund adjustment (see page 9)	_____
c	Interest earned by an Individual Housing Account.....	_____
d	Qualifying compensation to Hansen's disease patient.....	_____
e	Expenses connected with federal credits	_____
f	Child's interest and dividend income on federal Form 8814 that is not reported on Form N-814.....	_____
g	Premiums on and benefits from prepaid legal services plans.....	_____
h	Other adjustments (attach separate explanation to Form N-11).....	_____
i	Add lines a to h . Enter here and on Form N-11, line 17 ..	_____

Line 18

Total Hawaii Subtractions from Federal AGI

Add the amounts on lines 13 through 17. Enter the result on this line.

Line 19

Hawaii Adjusted Gross Income

Subtract line 18 from line 12. Enter the result on this line. If line 18 is larger than line 12, you may have a net operating loss that you can carry to another tax year. If you carry the loss back to earlier years, see Form N-109, Application for Tentative Refund from Carryback of Net Operating Loss.

Deductions and Taxable Income Computation

Note: If you can be claimed as a dependent on another person's return, check the box above line 20. Complete the "Standard Deduction for Dependents" worksheet on page 17 and enter the appropriate amount on line 21 if you do not itemize your deductions.

Lines 20a to 20f

Itemized Deductions

Taxpayers who itemize their deductions may deduct certain kinds of expenses from their adjusted gross income.

Taxpayers who do not itemize their deductions may reduce their adjusted gross income by the amount of the standard deduction appropriate to their filing status. The amount of the standard deduction is determined on line 21.

You will fall into one of the three classes below:

- You **MUST** itemize deductions,
- You choose to itemize, or
- You do not itemize.

The three classes are described as follows:

You MUST Itemize Deductions

You must itemize deductions if:

- You are married, filing a separate return, and your spouse itemizes.
- You are making a return under IRC section 443(a)(1) for a period of less than 12 months because of a change in your annual accounting period.

You Choose to Itemize

You may choose to itemize your deductions if you are:

- Married and filing a joint return, or a qualifying widow(er) with dependent child, and your itemized deductions are more than \$1,900.
- Married and filing a separate return, and your itemized deductions are more than \$950.
- Single, and your itemized deductions are more than \$1,500.
- Head of Household, and your itemized deductions are more than \$1,650.
- A dependent of another taxpayer and your itemized deductions are more than the greater of (1) \$500 or (2) your earned income up to the amount of the standard deduction for your filing status.

You Do Not Itemize

If your itemized deductions are less than the amount shown above for your filing status (or you choose not to itemize), go to line 21 and enter your standard deduction amount there (unless you **MUST** itemize as described earlier).

If you itemize, you can deduct part of your medical and dental expenses, and amounts you paid for certain taxes, interest, contributions, casualty and theft losses, and other miscellaneous expenses. These deductions are explained on the pages that follow.

If you do itemize, complete Worksheets A-1 through A-6 and enter the amounts on Form N-11, lines 20a to 20f (or Form N-12, lines 31a to 31f).

Line 20a

Medical and Dental Expenses

Before you can figure your total deduction for medical and dental expenses, you must first figure your adjusted gross income.

If you itemized deductions on your 1995 federal return, enter the number from line 1 of federal Form 1040, Schedule A on Worksheet A-1, line 1.

If you did **not** itemize on your 1995 federal return, consult the instructions below to see which medical and dental expenses you may deduct.

Only that part of your medical and dental expenses that is more than 7.5%

of your Hawaii adjusted gross income is deductible. To figure this amount, use Worksheet A-1.

WORKSHEET A-1

Medical and Dental Expenses

1. Enter amount of medical and dental expenses (see instructions below).....
2. Enter adjusted gross income from Form N-11, line 19, or Form N-12, line 29.....
3. Multiply line 2 by 7.5% (.075).....
4. Line 1 minus line 3. If zero or less, enter zero. Enter the result here and on Form N-11, line 20a, or Form N-12, line 31a.....

On Worksheet A-1, line 1, include medical and dental bills you paid for:

- Yourself;
- Your spouse;
- All dependents you list on your return;
- Your child whom you do not claim as a dependent because of the rules explained on page 8 for *Children of Divorced or Separated Parents*; and
- Any person that you could have listed as a dependent on your return if that person had not received \$2,500 or more of gross income or had not filed a joint return.

Example—You provided more than half of your mother's support but cannot list her as a dependent because she received \$2,500 of wages during 1995. If part of your support was the payment of her medical bills, you can include that part in your medical expenses.

You should include all amounts you paid during 1995, but do not include amounts repaid to you, or paid to anyone else, by hospital, health or accident insurance, or by your employer.

Examples of Medical and Dental Payments You CAN Deduct

To the extent you were not reimbursed, you can deduct what you paid for:

- Hospital, medical, dental, and extra Medicare (Medicare B) insurance.
- Prescription drugs and insulin.
- Medical doctors, dentists, eye doctors, gynecologists, chiropractors, osteopaths, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists, and psychoanalysts (medical care only).
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths the doctor ordered.
- Nursing help. If you pay someone to do both nursing and housework, you can deduct only the cost of nursing help.
- Hospital care (including meals and lodging), clinic costs, lab fees.
- Medical treatment at a center for drug or alcohol addiction.
- Medical aids such as hearing aids (and batteries), false teeth, eyeglasses, contact lenses, braces, orthopedic shoes, crutches, wheelchairs, guide dogs and the cost of maintaining the dogs.
- Ambulance service and other travel costs to get medical care. If you used your own car, you can claim what you spent for gas and oil to go to and from the place you received medical care; or you can claim 9 cents a mile. Add parking and tolls to the amount you claim under either method.
- Cosmetic surgery or procedure that is necessary to correct a deformity arising from, or directly related to:
 - A congenital abnormality;
 - a personal injury resulting from an accident or trauma; or
 - a disfiguring disease.

Examples of Medical and Dental Payments You CANNOT Deduct

You cannot deduct the following:

- The basic cost of Medicare insurance (Medicare A).

Note: If you are 65 or over and are not entitled to social security benefits, you may deduct premiums you voluntarily paid for Medicare A coverage.

- Life insurance or income protection policies.
- The 1.45% hospital insurance benefits tax withheld from your pay as part of the social security tax or paid as part of the self-employment tax.
- Nursing care for a healthy baby. (You may qualify for the child care credit; see Schedule X, Part III.)
- Illegal operations or drugs.

- Nonprescription medicines or drugs.
- Travel your doctor told you to take for rest or change.
- Funeral, burial, or cremation costs.
- Amounts paid for cosmetic surgery which is directed at improving the appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease.

Note: If expenses for cosmetic surgery are **NOT** deductible as medical expenses, then amounts paid for insurance coverage for such expenses are **NOT** deductible. Furthermore, if an employer health plan reimburses you for such expenses, the reimbursement must be included in your gross income.

Line 20b

Taxes

Certain taxes you paid during the year can be deducted.

If you itemized deductions on your 1995 **federal** return, you may enter the same amount from Form 1040, Schedule A, line 8 on Form N-11, line 20b (or Form N-12, line 31b).

Exception: If you are a **federal employee** receiving a Cost Of Living Allowance (COLA), not all of your Hawaii income taxes are deductible for federal purposes. (See IRS Revenue Ruling 74-140, 1974-1 C.B. 50, for more information.) Enter on line 5 of Worksheet A-2 below the **entire** amount of state and local income taxes you paid in 1995, even if you reported a different amount on line 5 of federal Form 1040, Schedule A. Enter the amounts from lines 6 and 7 of federal Schedule A on lines 6 and 7, respectively, of Worksheet A-2.

If you did **not** itemize deductions on your 1995 federal return, complete Worksheet A-2.

WORKSHEET A-2

Taxes You Paid

5. State and local income taxes paid or withheld
6. Real estate taxes
7. Personal property taxes
8. Other taxes
9. Add lines 5 through 8. Enter the total here and on Form N-11, line 20b, or Form N-12, line 31b.....

Taxes You CAN Deduct

State and Local Income Taxes

Include on this line:

- State and local income taxes withheld from your salary and any estimated tax payments made in 1995, including payments for a prior year;
- Any part of a prior year refund of state or local income taxes that you chose to have credited to your 1995 estimated state or local income taxes; and
- The NET amount of taxes withheld from the sale of Hawaii real property interests.

Do not reduce your deduction by any tax refund or credit for prior year state and local income taxes you received in 1995. See instead the instructions for line 9, Form N-11.

For more information about the treatment of taxes withheld from the sale of real property interests, contact your district tax office.

Real Estate Taxes

Include taxes that you paid on property you own that was not used for business.

If your mortgage payments include your real estate taxes, deduct only the amount equal to the real estate taxes actually paid by the mortgage company to the taxing authority.

Other Taxes

If you had any deductible tax not listed on Worksheet A-2, lines 5, 6, or 7 (such as foreign income taxes that you want to deduct instead of taking a credit), write the amount on Worksheet A-2, line 8.

Taxes You CANNOT Deduct

- Federal income tax.
- Social security tax (FICA).
- Medicare tax.

- Railroad retirement tax (RTTA).
- Federal excise tax on personal property, transportation, telephone, and gasoline.
- Customs duties.
- Federal estate and gift taxes. (However, see *Miscellaneous Deductions* on page 16.)
- Certain state and local taxes, including:
 - a. General sales taxes.
 - b. Tax on gasoline.
 - c. Hawaii motor vehicle registration fees, including car inspection fees.
 - d. Tax on liquor, beer, wine, cigarettes, and tobacco.
 - e. Assessments for sidewalks or other improvements to your property.
 - f. Taxes paid for your business or profession. (These business taxes are deducted elsewhere.)
 - g. Tax you paid for someone else.
 - h. License fees. (Marriage, driver's, dog, hunting, auto, etc.)
 - i. Inheritance tax.
 - j. Taxes paid to other states on pension income. Various states tax nonresidents who derive pension income from their state. The affected Hawaii residents are required to file nonresident tax returns to report the pension income and pay the tax to these states. Because Hawaii does not tax pension income, taxes paid to these states are not allowed as a deduction.

Line 20c

Interest You Paid

If you itemized deductions on your 1995 **federal** return, you may write the amount from line 14 of your 1995 federal Schedule A on Form N-11, line 20c (or Form N-12, line 31c). You need not complete Worksheet A-3 below.

Exception: If you had to file a 1995 federal Form 4952, you must refigure your investment interest deduction for state tax purposes on Hawaii Form N-158. Enter the amount from Form N-158 on line 13 of Worksheet A-3. Enter the amounts from lines 10, 11, and 12 of federal Form 1040, Schedule A, on the corresponding lines of Worksheet A-3. Attach Form N-158 to your return.

If you did **not** itemize deductions on your 1995 federal return, complete Worksheet A-3.

WORKSHEET A-3 Interest You Paid	
10.Home mortgage interest and points reported to you on federal Form 1098	
11.Home mortgage interest not reported to you on federal Form 1098.....	
12.Points not reported to you on Form 1098 (see federal instructions to Form 1040, Schedule A, line 12 for special rules)	
13.Investment interest (attach Form N-158)	
14.Add lines 10 through 13. Enter the total here and on Form N-11, line 20c, or Form N-12, line 31c.....	

You should show on Worksheet A-3 interest on non-business items only. Business-related interest is deducted elsewhere.

Except for certain mortgage interest, the amount of your personal interest expense (such as credit cards) is **not** allowed as an itemized deduction on Worksheet A-3.

Home Mortgage Interest

In most cases, you will be able to deduct all of your home mortgage interest. The following rules apply to any loans secured by your main home, including first and second mortgages, home equity loans and refinanced mortgages. Whether your home mortgage interest is deductible depends on the date you took out the mortgage, the amount of the mortgage and your use of its proceeds.

If ALL of your mortgages fit into one or more of categories **a**, **b**, and **c** below, you can deduct all of the interest on those mortgages and report it on Worksheet A-3, line 10 or 11, whichever applies. If one or more of your mortgages **does not** fit into any of the categories below, get federal Publication 936, Limits on Home Mortgage Interest Deduction, to figure the amount of interest you can deduct.

a. Mortgages you took out on your main home ON or BEFORE October 13, 1987. These mortgages also include line-of-credit mortgages you had on October 13, 1987, and mortgages you had on October 13, 1987, that you refinanced after that date. But see *Special Rules* if you refinanced or borrowed additional amounts on a line-of-credit mortgage after October 13, 1987.

b. Mortgages you took out on your main home AFTER October 13, 1987, to buy, build, or improve your home, but only if these mortgages plus any mortgages in **a**. above totaled \$1 million or less throughout 1995. The limit is \$500,000 or less if married filing separately.

c. Mortgages you took out AFTER October 13, 1987, on your main home, OTHER THAN to buy, build, or improve your home, but only if these mortgages totaled \$100,000 or less throughout 1995. The limit is \$50,000 or less if married filing separately.

An example of a mortgage used for purposes other than to buy, build, or improve your home is a home equity loan you used to pay off credit card bills, to buy a car, or to pay tuition costs.

Special Rules

Refinanced Mortgages. If you had a mortgage on your home on October 13, 1987, and refinanced it after that date for no more than the balance of the existing mortgage, all of the new mortgage is treated as a mortgage described in **a** above. But, if you refinanced it for more than the balance of the existing mortgage, only the part of the new mortgage equal to the amount you owed on the mortgage at the time you refinanced is treated as a mortgage described in **a**. The part of the new mortgage that is more than the balance of the existing mortgage is a mortgage described in **b** or **c** (or **b** and **c** if a mixed-use mortgage—see below).

Line-of-Credit Mortgages. If you had a line-of-credit mortgage on your home on October 13, 1987, and you borrowed additional amounts on this line of credit after that date, the additional amounts borrowed are treated as a mortgage taken out after October 13, 1987, and are subject to the rules under **b** or **c** (or **b** and **c** if a **mixed-use mortgage**—see below).

Mixed-Use Mortgages. If you took out a new mortgage after October 13, 1987 (including refinancing for more than what you owe or borrowing additional amounts on a line-of-credit mortgage you had on October 13, 1987) for purposes described in both **b** and **c** above, you have a mixed-use mortgage. The mortgage proceeds used to buy, build, or improve the home fit into category **b** and the rest of the proceeds fit into category **c**.

Example: You took out a mortgage on your home for \$200,000 in 1980. You file as single for 1995. In March 1995, when the home had a fair market value of \$400,000 and you owed \$195,000 on the mortgage, you took out a home equity loan for \$120,000. In 1996, you used \$90,000 of the home equity loan proceeds for home improvements, and \$30,000 for other purposes. You can deduct all of the interest on both mortgages. The first mortgage qualifies because it was taken out on or before October 13, 1987. The home equity loan qualifies under the dollar limits in **b** and **c**. The part of the mortgage subject to the dollar limit in **b** (\$90,000) plus the first mortgage of \$195,000 totaled less than \$1 million. The part of the mortgage subject to the dollar limit in **c** (\$30,000) was less than \$100,000.

Note: Additional limits apply if the total amount of all mortgages exceeds the fair market value of the home. See federal Publication 936.

What is a Home. A home may be a house, condominium, cooperative, mobile home, boat, or similar property. It must provide basic living accommodations including sleeping space, a toilet, and cooking facilities.

More Than One Home. If you had a main home and a second home, the dollar limits explained in **b** and **c** above apply to the total mortgages on both homes.

Investment interest

Investment interest is interest paid on money you borrowed that is allocable to property held for investment. It does not include any interest allocable to a passive activity.

Complete and attach Form N-158, Investment Interest Expense Deduction, to figure your deduction.

Exception. You do not have to file Form N-158 if ALL of the following apply:

- Your only investment income was from interest or dividends,
- You have no other deductible expenses connected with the production of the interest or dividends,
- Your investment interest expense is not more than your investment income,
- You have no carryovers of investment interest expense from 1994, and
- You have no passive activity losses.

For more details, get federal Publication 550, Investment Income and Expenses.

Interest Expense You CANNOT Deduct

Do not include the interest you paid for—

- Personal interest, such as credit cards and automobile loans.
- Indebtedness of another person, when you are not legally liable for payment of the interest.
- A gambling debt or other unenforceable obligation.
- A life insurance loan, if interest is added to the loan and you report on the cash basis.
- Money you borrowed to buy tax-exempt securities or single-premium life insurance.
- Any kind of business-related interest. Business interest expenses are reported elsewhere.

See the instructions for federal Form 1040, Schedule A—Interest Expense for more information.

Line 20d

Gifts to Charity

If you itemized deductions on your 1995 **federal** return, write the amount from line 18 of Form 1040, Schedule A on Form N-11, line 20d (or Form N-12, line 31d). You need not complete Worksheet A-4 below.

If you did **not** itemize deductions on your 1995 federal return, complete Worksheet A-4 below.

WORKSHEET A-4—Gifts to Charity

15. Enter amount of gifts by cash or check (if any gift of \$250 or more, see instructions below).....	_____
16. Other than by cash or check (if any gift of \$250 or more, see instructions below) (attach required statement if over \$500).....	_____
17. Carryover from prior year.....	_____
18. Add lines 15 through 17. Enter total here and on Form N-11, line 20d, or Form N-12, line 31d	_____

Contributions You CAN Deduct

You may deduct what you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You may also deduct what you gave to organizations that work to prevent cruelty to children or animals. An organization that tells you it is a "501(c)(3) organization" is telling you that it falls into this category.

Examples of these organizations are:

- Churches, temples, synagogues, Salvation Army, Red Cross, CARE, Goodwill Industries, United Way, Boy Scouts, Girl Scouts, Boys Club of America, etc.
- Fraternal orders, if the gifts will be used for the purposes listed above.
- Veterans' and certain cultural groups.
- Nonprofit schools, hospitals, and organizations whose purpose is to find a cure for or help people who have arthritis, asthma, birth defects, cancer, cerebral palsy, cystic fibrosis, diabetes, heart disease, hemophilia, mental illness or retardation, multiple sclerosis, muscular dystrophy, tuberculosis, etc.
- Federal, State, and local governments if the gifts are solely for public purposes.

Contributions can be cash (including checks and money orders), property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described above. If you drive to and from the volunteer work, you can take 12 cents a mile or the actual cost of gas and oil. Add parking and tolls to the amount you claim under either method. But don't deduct any amounts that were repaid to you.

If you made a gift **and received a benefit in return**, such as food, entertainment, or merchandise, you may deduct only the amount that is more than the value of the benefit. For example, if you paid \$70 to a charitable organization to attend a fund raising dinner and the value of the dinner was \$40, you may deduct only \$30.

If you do not know whether you can deduct what you gave to an organization, check with that organization or with your taxation district office.

Contributions You CANNOT Deduct

- Political contributions (but see the instructions for Miscellaneous Deductions, line 20f).

- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
- Cost of raffle, bingo, or lottery tickets.
- Tuition to a private school.
- The value of your time or services.
- Value of blood given to a blood bank.
- The transfer of a future interest in tangible personal property (generally until the entire interest has been transferred).
- Gifts to:
 - a. Individuals.
 - b. Foreign organizations.
 - c. Groups that are run for personal profit.
 - d. Groups whose purpose is to lobby for changes in the law.
 - e. Civic leagues, social and sports clubs, labor unions, and chambers of commerce.

Limit on the Amount You May Deduct

See federal Publication 526 to figure the amount of your deduction if **any** of the following applies:

- Your cash contributions, or contributions of ordinary income property, are more than 30% of your Hawaii adjusted gross income.
- Your gifts of capital gain property are more than 20% of your Hawaii adjusted gross income.
- You gave gifts of property that increased in value, or gave gifts of the use of property.

Gifts by Cash or Check

On Worksheet A-4, line 15, enter the total contributions you made in cash or by check (including out-of-pocket expenses).

Note: For contributions made on or after January 1, 1994, charitable contributions of \$250 or more must be substantiated by a written acknowledgment from the donee organization to be deductible.

Other Than by Cash or Check

On Worksheet A-4, line 16, enter the total contributions you made other than by cash or check. If you gave property, you should keep records stating the kind of property you gave, the name of the organization you gave it to, the date you gave it, how you figured its value at the time you gave it, and whether it was capital gain or ordinary income property. If you determine the value of a gift by an appraisal, keep a signed copy of it.

For gifts valued at over \$500, attach a statement to Form N-11 or Form N-12 showing:

- a. The address of the organization.
- b. A description of the property.
- c. Any condition attached to the gift.
- d. How you got the property.
- e. The cost or other basis of the property if:
 1. You owned it less than five years, or
 2. You must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.
- f. How you figured your deduction if you choose to reduce your deduction for contributions of capital gain property.
- g. If the gift was a "qualified conservation contribution" under IRC section 170(h), also include the fair market value of the underlying property before and after the gift, the type of legal interest donated, and describe the conservation purpose furthered by the gift. A copy of federal Form 8283 may be used for this purpose.

If you donate property to an organization for which you claim a deduction of over \$5,000 (\$10,000 for stock except publicly traded stock) for a single item (plus all similar items donated to one or more organizations), you must attach an appraisal of the donated property's fair market value to your return. The appraisal must be obtained from a qualified independent appraiser. A copy of federal Form 8283 may be used for this purpose as well.

If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale.

Line 20e

Casualty and Theft Losses

Use line 20e to report casualty or theft loss(es) of property that is not trade, business, or rent or royalty property. Complete federal Form(s) 4684, Casualties and Thefts, to figure your loss. Write the amount from line 16 of

WORKSHEET A-5—Casualties and Thefts

19. Total casualty and theft loss(es) from Form 4684, line 16 (<i>not the same as Schedule A, line 19</i>)	_____
a Enter 10% of your Hawaii adjusted gross income (Form N-11, line 19, or Form N-12, line 29)	_____
b Line 19 minus line a . If this line is zero or less, stop here . Otherwise, enter this amount on Form N-11, line 20e, or Form N-12, line 31e	_____

Losses You CAN Deduct

You may be able to deduct all or part of each loss caused by theft, vandalism, fire, storm, and car, boat, and other accidents or similar causes.

If you have a nonbusiness casualty loss that is covered by insurance, you cannot take the casualty loss deduction unless you file a timely insurance claim for that loss. You can deduct nonbusiness casualty or theft losses only to the extent that:

- The amount of EACH separate loss is more than \$100, and
- The total amount of ALL losses during the year is more than 10% of your adjusted gross income.

You may also deduct the costs of proving that you had a property loss. Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.

Losses You CANNOT Deduct

- Money or property misplaced or lost.
- Breakage of china, glassware, furniture, and similar items under normal conditions.
- Progressive damage to property (buildings, clothes, trees, etc.) caused by termites, moths, other insects, or disease.

Line 20f

Miscellaneous Deductions

If you did **not** itemize deductions on your 1995 federal return, complete Worksheet A-6 on page 17.

If you itemized deductions on your 1995 **federal** return, take the amounts on Form 1040 or 1040PC, Schedule A, lines **23, 27, and 28** and write them on lines 23, 27, and 28 of Worksheet A-6 on page 17. Then, complete the worksheet starting from line 24.

Note: If you made **political contributions** in 1995, you may be able to deduct some or all of your contributions regardless of the amount of your adjusted gross income. See *Political Contributions* on this page.

In General

Most miscellaneous deductions cannot be deducted in full. You must subtract 2% of your adjusted gross income from the total.

Generally, the 2% limit applies to job expenses you paid for which you were not reimbursed (line 20). The limit also applies to tax preparation fees (line 21) and certain expenses you paid to produce or collect taxable income (line 22).

The 2% limit does not apply to certain other miscellaneous expenses that you may deduct. These expenses can be deducted in full on lines 27, 28, and 29. Moving expenses incurred before 1994 can be deducted on line 27 and gambling losses (to the extent of winnings) and certain job expenses of handicapped employees can be deducted on line 28. See federal Publication 529, Miscellaneous Deductions, for more information.

Expenses Subject to the 2% Limit

Employee Business Expenses

On Worksheet A-6, line 20, report job expenses you paid for which you were not reimbursed. Attach a copy of federal Form 2106 or 2106-EZ, if:

- You claim any travel, transportation, meal, or entertainment expenses for your job; or
- Your employer paid you for any of your job expenses reportable on Worksheet A-6, line 20.

Examples of expenses to include on line 20 of Worksheet A-6 are:

- Travel, transportation, meal, or entertainment expenses.
- Union dues.
- Safety equipment, small tools, and supplies you needed for your job.

- Uniforms your employer said you must have, and which you may not usually wear away from work.
- Protective clothing required in your work, such as hard hats, and safety shoes and glasses.
- Physical examinations your employer said you must have.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and other costs to look for a new job in your present occupation, even if you do not get a new job.
- Business use of part of your home, but only if you use that part exclusively and on a regular basis in your work and for the convenience of your employer. For details, including limits that apply, see federal Publication 587, Business Use of Your Home.
- Education expenses you paid that were required by your employer, or by law or regulations, to keep your salary or job. In general, you may also include the cost of keeping or improving skills you must have in your job. For more details, see federal Publication 508, Educational Expenses. Some education expenses are not deductible. See *Expenses You MAY NOT Deduct* on page 17.

Tax Preparation Fees

On Worksheet A-6, line 21, enter the total fees you paid to prepare your federal and Hawaii tax return, including fees paid for filing your return electronically. But **do not** include fees deducted elsewhere, such as business expenses.

Other Expenses

On Worksheet A-6, line 22, enter the total amount you paid to produce or collect taxable income, and manage or protect property held for earning income. But **do not** include expenses deducted elsewhere. Attach a statement showing the type and amount of each expense to Form N-11 or N-12. Examples of these expenses are:

- Safe deposit box rental.
- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (e.g. trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on uninsured deposits in an insolvent or bankrupt financial institution. For details, including limits on the amount you can deduct, see federal Publication 529.
- Deduction for repayment of amounts under a claim of right if \$3,000 or less. See *Repayments* in federal Publication 525, Taxable and Nontaxable Income, for more information.
- Certain expenses related to an activity not engaged in for profit. For details, get federal Publication 535, Business Expenses.

Expenses NOT Subject to the 2% Limit

Moving Expenses Incurred Before 1994

If you incurred moving expenses in a year before 1994, but did not deduct them in a prior year's return, enter the total on Worksheet A-6, line 27. The move must have been in connection with your job or business. For more details, see the instructions for Form N-139, Moving Expenses.

Other Deductions

List only the following expenses on Worksheet A-6, Line 28:

- Gambling losses, but only to the extent of gambling winnings that were reported on federal Form 1040, line 21, or Form N-12, line 18.
- Federal estate tax on income in respect of a decedent.
- Amortizable bond premium on bonds acquired before October 23, 1986.
- Deduction for repayment of amounts under a claim of right if more than \$3,000. See federal Publication 525, Taxable and Nontaxable Income.
- Certain unrecovered investment in an annuity (IRC section 72(b)(3)). For details, see federal Publication 575, Pension and Annuity Income.
- Impairment-related work expenses of a handicapped person.

List the type and amount of each expense and attach a copy of the list to your return. Enter one total in the amount space for line 28. For more information on these expenses, get federal Publication 529, Miscellaneous Deductions.

Political Contributions

On line 29 of Worksheet A-6, list:

- Political contributions not in excess of \$250 in the year (up to \$500 on a joint return) to a central or county committee of a political **party** whose candidate was on the ballot for the immediately previous general election; and

- Contributions to **candidates** who agreed to abide by the campaign spending limits set by law, but you can't deduct more than \$1,000 in a year (\$2,000 on a joint return) total, and you can't deduct more than \$250 (\$500 on a joint return) to any one candidate.

If you do not know whether the candidate agreed to abide by the campaign spending limits, contact your district tax office.

Expenses You MAY NOT Deduct

Some expenses are not deductible at all. Examples are:

- Political contributions to candidates who did not agree to abide by the campaign spending limits.
- Personal legal expenses.
- Lost or misplaced cash or property (but see casualty and theft losses).
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Expenses of going to or from work.
- Education that you need to meet minimum requirements for your job or that will qualify you for a new occupation.
- Expenses of:
 - a. Travel as a form of education.
 - b. Attending a seminar, convention, or similar meeting unless it is related to your employment.
 - c. Adopting a child, including a child with special needs.
- Fines and penalties.
- Expenses of producing tax-exempt income.

WORKSHEET A-6—Miscellaneous Deductions

20. Unreimbursed employee business expenses—job travel, union dues, job education (attach federal Form 2106 if required)	_____
21. Tax preparation fees.....	_____
22. Other expenses (investment, safe deposit box, etc.) (list type and amount, and attach the list to your return)	_____
23. Add lines 20 to 22	_____
24. Enter adjusted gross income from Form N-11, line 19, or Form N-12, line 29	_____
25. Multiply line 24 by 2% (.02)	_____
26. Line 23 minus line 25. Enter the result, but not less than zero	_____
27. Moving expenses incurred before 1994 (See instructions on page 16)	_____
28. Other deductions not subject to 2% AGI limit (see instructions on page 16) (list type and amount, and attach the list to your return)	_____
29. Political contributions	_____
30. Add lines 26, 27, 28, and 29. Enter this amount on Form N-11, line 20f, or Form N-12, line 31f	_____

Line 21

Total Itemized Deductions or Standard Deduction Dependents

If your parent (or someone else) can claim you as a dependent on his or her return (even if that person chose not to claim you), check the box above line 20. If you are claiming the standard deduction, see **Standard Deduction for Dependents** on this page to figure your standard deduction.

Itemized Deductions

Your state income tax will be less if the total of your itemized deductions is larger than the standard deduction. To figure your itemized deductions, fill in lines 20a to 20f.

If the amount on Form N-11, line 19, is \$100,000 or less (\$50,000 if married filing separately), add lines 20a through 20f, and enter the result on line 21.

If the amount on Form N-11, line 19, is more than \$100,000 (\$50,000 if married filing separately), you may not be able to deduct all of your itemized deductions. Use the *Total Itemized Deductions Worksheet* on this page to figure the amount you may deduct.

Total Itemized Deductions Worksheet

1. Add the amounts on Form N-11, lines 20a through 20f ...	1. _____
2. Add the amounts on Form N-11, lines 20a and 20e, any gambling losses included on line 20f, and the amount of investment interest	2. _____
3. Line 1 minus line 2 (if the result is zero or less, STOP HERE ; enter the amount from line 1 above on Form N-11, line 21)	3. _____
4. Multiply line 3 above by 80% (.80)	4. _____
5. Enter the amount from Form N-11, line 19	5. _____
6. Enter \$100,000 (\$50,000 if married filing separately)	6. _____
7. Line 5 minus line 6. (If the result is zero or less, STOP HERE ; enter the amount from line 1 above on Form N-11, line 21.)	7. _____
8. Multiply line 7 by 3% (.03)	8. _____
9. Compare the amounts on lines 4 and 8 above. Enter the SMALLER of the two amounts here	9. _____
10. Total itemized deductions. Line 1 minus line 9. Enter the result here and on Form N-11, line 21	10. _____

Standard Deduction

Taxpayers who do not itemize their deductions may reduce their adjusted gross income by the amount of the standard deduction appropriate to their filing status. The amount of the standard deduction for each filing status is listed below:

Filing Status	Standard Deduction
Single	\$1,500
Married filing jointly	1,900
Married filing separately	950
Head of Household	1,650
Qualifying Widow(er)	1,900

Standard Deduction for Dependents. If you can be claimed as a dependent by someone else and you do not itemize your deductions, your standard deduction is limited to the greater of \$500 or your earned income (up to the full standard deduction for your filing status). The standard deduction for an individual who can be claimed as a dependent on the tax return of another taxpayer is computed as follows:

A. Enter your earned income (defined below). If none, enter zero	A. _____
B. Minimum amount	B. 500.00
C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here	C. _____
D. Maximum amount. Enter the full standard deduction for your filing status, shown in the chart above, here	D. _____
E. Compare the amounts on lines C and D above. Enter the SMALLER of the two amounts here and on Form N-11, line 21	E. _____

Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Generally, your earned income is the total of the amounts you reported on Form 1040, lines 7 (wages), 12 (business income), and 18 (farming income), minus the amount, if any, on line 25 (deduction for self-employment tax).

Line 22

Line 19 minus line 21.

Line 23

Exemptions

Regular Exemptions

Residents are allowed \$1,040 for each exemption they can claim. Multiply \$1,040 by the total number of exemptions you claimed on line 6e. **Remember, if you can be claimed as a dependent on another person's tax return, you may not claim an exemption for yourself.**

Blind, Deaf, or Totally Disabled—Definition, Certification, and Exemptions

Check the appropriate box(es) on line 23 if you are blind, deaf or totally disabled and your impairment has been certified. You **must** submit completed Forms N-172 and N-857 **prior** to filing your return in order to claim this exemption. **If you do not, the exemption will be disallowed and your return processed without the disability exemption(s) claimed.**

"Blind" means a person whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or whose visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

"Deaf" means a person whose average loss in the speech frequencies (500-2000 Hertz) in the better ear is 82 decibels, A.S.A., or worse.

"Person totally disabled" means a person who is totally and permanently disabled, either physically or mentally, which results in the person's inability to engage in any substantial gainful business or occupation. It is presumed that a person whose gross income, before deductions and exemptions, exceeds \$30,000 per year is engaged in a substantial, gainful business or occupation.

The impairment of sight, deafness or disability shall be certified on the basis of a written report on an examination performed by a qualified ophthalmologist, qualified optometrist or a qualified otolaryngologist, or a qualified physician, as the case may be, on Form N-857.

A blind, deaf or totally disabled person who qualifies, may be allowed a Disability Exemption of \$7,000. The Disability Exemption is in lieu of the regular personal exemption of \$1,040. The following maximum exemptions are allowed:

One Individual (any filing status) —	\$7,000
Husband and Wife (non-disabled spouse <i>under</i> 65) —	8,040
Husband and Wife (non-disabled spouse age 65 or over) —	9,080
Husband and Wife (<i>both</i> disabled) —	14,000

Note: *If you claim this special exemption you will not be able to claim the additional exemptions for your children or other dependents, or for being 65 or older.*

Enter the appropriate amount on line 23.

For more information, see Tax Information Release No. 89-3, "State Tax Benefits Available to Persons with Impaired Sight, Impaired Hearing, or Who are Totally Disabled" and Tax Information Release No. 94-2, "State Tax Benefits Available to Persons Totally Disabled".

Line 24

Taxable Income

Line 22 minus line 23, but not less than zero.

Line 25

Enter amount from line 24 (taxable income).

Tax Computation

Line 26

Tax

To figure your tax, you will use one of the following methods. Read the conditions below to see which you should use, and check the appropriate box on line 26. Then, go to the *Tax Computation Worksheet* on page 19.

Tax Table

If your taxable income is less than \$100,000, you **MUST** use the Tax Table on pages 40 through 51 to find your tax. Be sure you use the correct column in the Tax Table. After you have found the correct tax, enter that amount. There is an example at the beginning of the table to help you find the correct tax.

Tax Rate Schedules

You must use the Tax Rate Schedules on page 52 to figure your tax if your taxable income is \$100,000 or more.

Alternative Tax on Capital Gains

If you have a net capital gain, you may be able to reduce your tax using the *Tax on Capital Gains Worksheet* on this page if your taxable income is

Tax on Capital Gains Worksheet

1. Enter your taxable income from Form N-11, line 25	_____
2. Enter your net long-term capital gain (Form 1040 or 1040PC, Schedule D, line 17)	_____
3. Combine your Hawaii long-term adjustments, if any, and enter the total here	_____
4. Combine lines 2 and 3. This is your Hawaii long-term capital gain.....	_____
5. Enter your net capital gain (Form 1040 or 1040PC, Schedule D, line 18).....	_____
6. Combine your Hawaii short-term adjustments, if any, and enter the total here	_____
7. Combine lines 3, 5, and 6. This is your Hawaii short-term capital gain.....	_____
8. Enter the smaller of line 4 or line 7	_____
9. If you are filing Form N-158, enter the amount from line 4e of Form N-158.....	_____
10. Line 8 minus line 9	_____
If this amount is zero or less, stop here ; you cannot use this worksheet to figure your tax.	
11. Line 1 minus line 10	_____
12. Enter the amount shown below for the filing status you claimed	_____
Single—	\$3,500
Married filing jointly or qualifying widow(er)—	7,000
Married filing separately—	3,500
Head of household—	5,500
13. Enter the greater of line 11 or line 12	_____
14. Line 1 minus line 13. This is the amount of long-term capital gains eligible for alternative tax. Also enter this amount in the space provided beside line 26, Form N-11	_____
15. Compute the tax on the amount on line 13 using the Tax Table or Tax Rate Schedules, as applicable	_____
16. Multiply line 14 by 7.25% (.0725) and enter the result	_____
17. Line 15 plus line 16. Enter the result here and on line a of the <i>Tax Computation Worksheet</i> on page 19	_____

over \$11,000 (\$5,500 for Single, and Married Filing Separately, classifications).

Some taxpayers will have Hawaii gain adjustments. Before filling in the worksheet, determine whether you have adjustments from the *Hawaii Additions Worksheet* on page 10, line **c** (gain on sale of a principal residence for a taxpayer giving up Hawaii residency), **f** (capital goods gain adjustment), or **h** (other adjustments), from the *Hawaii Subtractions Worksheet* on page 12 on line **h** (other adjustments), or from Form N-152 (lump sum distribution from a pension plan). If you do, separate the adjustments into **long-term** gain adjustments for assets held for more than a year, and **short-term** adjustments for assets held for a year or less.

Form N-615

If a child under age 14 has investment income of more than \$1,000, use Form N-615, Computation of Tax for Children Under Age 14 Who Have Investment Income of More than \$1,000, to see if any of the child's investment income is taxed at the parent's rate and, if so, to figure the child's tax. See Form N-615 for more information.

Total Tax Liability

Use the *Tax Computation Worksheet* on page 19 to figure your total tax liability.

Tax Computation Worksheet

a	Enter the amount from the Tax Table, Tax Rate Schedule, Tax on Capital Gains Worksheet, or Form N-615	
b	Enter any additional tax from Form N-2, Distribution from an Individual Housing Account. See <i>Individual Housing Accounts</i> on page 9.....	
c	Enter any additional tax from Form N-103, Sale of Your Home	
d	Enter any additional tax from Form N-152, Special 5-Year Averaging Method	
e	Enter any additional tax from Form N-312 or N-312A, Recapture of Capital Goods Excise Tax Credit	
f	Enter any additional tax from Form N-405, Tax on Accumulation Distribution of Trusts	
g	Enter any additional tax from Form N-586, Recapture of Low-Income Housing Tax Credit.....	
h	Enter any additional tax from Form N-814, Parent's Election to Report Child's Interest and Dividends	
i	Add lines a through h . This is your total tax . Enter the result here and on Form N-11, line 26; or Form N-12, line 36.....	

Note: If you entered any amount in lines **b** through **h**, check the box before the words "Include separate tax..." on line 26, Form N-11; or on line 36, Form N-12.

For more information, see the instructions for the forms listed.

Other State and Foreign Tax Credit Worksheet

1.	Enter taxable income from Form N-11, line 25	
2.	Enter amount of long-term capital gain from the space provided beside line 26, Form N-11	
3.	Enter the amount of your out-of-state income, including capital gains. Do not include any income that is exempt in Hawaii such as employer-funded pensions .	
4.	Enter the amount of long-term capital gains from sources outside the State	
5.	Enter the amount of tax you paid to other States , except for tax paid on income that is exempt in Hawaii	
6.	Enter the amount of tax you paid to foreign countries or to U.S. possessions, except for tax paid on income that is exempt in Hawaii	
7.	Enter the amount of the federal foreign tax credit you were allowed to take this year. Do not include amounts carried over to other years, or amounts from prior years that were carried forward to this year	
8.	Line 6 minus line 7	
9.	Line 5 plus line 8. This is the total amount of out-of-state tax eligible for the credit.....	
10.	Line 1 minus line 3. This is your Hawaii source income..	
11.	Line 2 minus line 4. This is your Hawaii long-term capital gain. If line 4 exceeds line 2, enter zero here	
12.	Line 10 minus line 11	
13.	Enter your tax amount from line a of the Tax Computation Worksheet on page 19	
14.	Figure the Hawaii tax on the amount on line 12. Use the Tax Table or Tax Rate Schedules	
15.	Multiply the amount on line 11 by 7.25% (0.0725).....	
16.	Add lines 14 and 15	
17.	Line 13 minus line 16	
18.	Compare lines 9 and 17. Enter the smaller amount here and on line 27, Form N-11. Any excess cannot be carried forward.....	

Nonrefundable Credits

Line 27

Credit For Income Taxes Paid to Other States and Countries

If you have out-of-state income that is taxed by another state or foreign country and also by Hawaii, you may claim a credit against your Hawaii income for the net income tax you paid to the other state or foreign country if you meet the following conditions:

- The income was earned while you were a Hawaii resident and was not exempt from Hawaii income tax;
- You did not file an *Election Under Act 60, SLH 1976* (see page 4);
- The income on which the state or foreign tax is imposed was derived or received from sources outside Hawaii;
- You were liable for and paid tax to the foreign jurisdiction;
- The tax paid to the other state or foreign country is an income-based tax that is imposed on both residents and nonresidents of the other state or foreign country, rather than a sales, gross receipts, withholding, or value added tax;
- The income is not exempt from federal income tax under Subchapter N of the Internal Revenue Code (see federal Form 1116 for more details);
- The income must be taxed by the other state or foreign country for the same taxable year for which the Hawaii credit is claimed; and
- No credit is allowed for penalties or interest paid to the other state or foreign country.

To figure the allowable amount of the credit, fill in the *Other State and Foreign Tax Credit Worksheet* on this page.

Required Attachments. If you entered any amount on line 5, you must attach a copy of the tax return(s) from the other state(s). If you entered any amount on line 6, you must attach a copy of all federal Form(s) 1116 that you are filing this year.

Out-of-State Tax Refund. If you claim this credit and you later receive a tax refund from the other state or foreign country, you **MUST** report this to the Department of Taxation. You may be subject to penalties if you fail to make this report.

For more information, see section 235-55, HRS, and section 18-235-55, Hawaii Administrative Rules.

Credit For Beneficiaries of Foreign Trusts

Any resident beneficiary of a trust with a situs in another State may claim a credit for income taxes paid by the trust to the other State on any income that is attributable to assets other than intangibles. This credit is not allowed for trusts that are resident in a foreign country (or in any territory or possession of the United States).

The trust will inform you of what your share of the trust's income is, and how much of it is long-term capital gains. Include these amounts on lines 3 and 4, respectively, of the *Other State and Foreign Tax Credit Worksheet* on this page.

The trust will also tell you your share of the tax the trust paid to the other state. Find out how much of the trust's income was attributable to real property and tangible personal property (**not** including stocks, bonds, mortgages, and other intangibles). Divide that number by the total amount of the trust's income, and multiply your share of the out-of-state tax by that percentage. Include this amount on line 5 of the *Other State and Foreign Tax Credit Worksheet* on this page.

Credit For Shareholders of S Corporations

A shareholder of an S corporation shall be considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any net income tax paid by the S corporation to a state which does not measure the income of S corporation shareholders by the income of the S corporation. The term "net income tax" means any tax imposed on or measured by a corporation's net income.

The S corporation will inform you of what your share of its income is, and how much of it is long-term capital gains. Include these amounts on lines 3 and 4, respectively, of the *Other State and Foreign Tax Credit Worksheet* on this page.

The S corporation will also tell you your share of the tax paid to the other state. Include this amount on line 5 of the *Other State and Foreign Tax Credit Worksheet* on this page.

Line 28

Energy Conservation Tax Credit

Each individual resident taxpayer who files a net income tax return for 1995 may claim a tax credit against his or her income tax liability for a solar or wind energy system, heat pump, or ice storage system installed and placed in service in 1995. Additions to existing systems (e.g., *additional* solar energy panels) and systems for a second home qualify for this credit. The cost of repairs to existing systems (e.g., *replacing* solar energy panels), however, **do not** qualify for this credit. The tax credit applies only to the actual cost of the solar or wind energy system, heat pump, or ice storage system, including accessories and installation, and shall not include the cost of consumer incentive premiums unrelated to the operation of the system or offered with the sale of the system or heat pump (such as "free gifts", offers to pay electricity bills, or rebates).

The tax credit may be claimed for the following energy conservation systems installed and placed in service after 12/31/89 (12/31/90 for ice storage systems), but before 1/1/99:

Type of Energy Conservation System	Tax Credit Rate
1. Wind energy systems	20% of the actual cost of the system.
2. Solar energy systems	
a. New and existing single family residential buildings.	The lesser of 35% of the actual cost of the system or \$1,750.
b. New and existing Multi-unit buildings used primarily for residential purposes.	Per building unit: The lesser of 35% of each unit's actual cost of the system or \$350.
c. New and existing hotel, commercial and industrial facilities.	35% of the actual cost of the system.
3. Heat pumps	
a. New and existing single family residential buildings.	The lesser of 20% of the actual cost of the system or \$400.
b. New and existing Multi-unit buildings used primarily for residential purposes.	Per building unit: The lesser of 20% of each unit's actual cost of the system or \$200.
c. New and existing hotel, commercial and industrial facilities.	20% of the actual cost of the system.
4. Ice storage systems	50% of the actual cost of the system.

In the event that tax credits claimed exceed the amount of the income tax due, the excess credits may be carried over to subsequent years until used up.

To claim this tax credit, attach Form N-157. Enter the amount of the credit claimed on this line.

For more information, see Form N-157.

Line 29

Enterprise Zone Tax Credit

A qualified enterprise zone business may claim a credit for a percentage of net income tax due the State attributable to the conduct of business within a zone and a percentage of the amount of unemployment insurance premiums paid based on the payroll of employees employed at the business firm establishments in the zone. The applicable percentage is 80% the first year; 70% the second year; 60% the third year; 50% the fourth year; 40% the fifth year; 30% the sixth year; and 20% the seventh year. This credit is not refundable and any unused credit may NOT be carried forward.

For more information, see Form N-756, Enterprise Zone Tax Credit. To claim the credit, attach Form N-756.

Line 30

Low-Income Housing Tax Credit

Hawaii's low-income housing tax credit is equal to 30% of the federal credit for qualified buildings located within the State of Hawaii. The federal credit must be claimed in order to claim the Hawaii credit. Attach Form N-586, Tax Credit for Low-Income Housing, to the income tax return on which the credit is claimed.

Contact the Housing Finance Development Corporation for qualifying requirements and further information.

Line 31

Credit For Employment of Vocational Rehabilitation Referrals

The amount of the tax credit for the taxable year is equal to 20% of the qualified first-year wages for that year. The amount of the qualified first-year wages which may be taken into account with respect to any individual shall not exceed \$6,000.

"Qualified wages" means the wages paid or incurred by the employer during the taxable year to an individual who is a vocational rehabilitation referral and more than one-half of the wages paid or incurred for such an individual is for services performed in a trade or business of the employer.

"Qualified first-year wages" means, with respect to any vocational rehabilitation referral, qualified wages attributable to service rendered during the one-year period beginning with the day the individual begins work for the employer.

The credit allowed shall be claimed against net income tax liability for the taxable year. A tax credit which exceeds the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted.

Claims for this credit, including any amended claims, must be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed.

For more information, see Form N-884, Credit for Employment of Vocational Rehabilitation Referrals. To claim the credit, complete and attach Form N-884.

Line 32

Total Nonrefundable Credits

Add lines 27 through 31. Enter the total on this line.

Line 33

Line 26 minus line 32. Enter the result on this line, but not less than zero.

Tax Already Paid

Line 34

Total Hawaii Income Tax Withheld

Add the Hawaii income tax withheld as shown on federal Form(s) W-2, state Form N-2, and any other forms that show Hawaii income tax withheld. Enter the total on this line.

Note: If taxes were withheld on the sale of Hawaii real property, report this amount on **line 35**, "1995 Estimated Tax Payments".

Line 35

1995 Estimated Tax Payments

Enter on this line your estimated Hawaii income tax payments made on Form N-1 for 1995. Do not include your 1994 overpayment you requested to have applied to your 1995 estimated tax (this amount is to be reported on line 36).

If you had taxes withheld on the sale of Hawaii real property and you did not apply for a refund of those taxes on Form N-288C, "Application for Tentative Refund of Withholding on Dispositions of Hawaii Real Property Interests", include the amount of taxes withheld and attach a copy of the Form(s) N-288A showing the withholding. If you filed a Form N-288C, subtract the amount of refund you already applied for on that form.

If the tax was withheld for you through a partnership, estate, trust, or S corporation, see the Instructions for *Credit for Taxes Withheld on the Sale of Hawaii Real Property Interests* on page 22.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, one of you can claim all of the amount paid, or you can each claim a part of it. Please be sure to show both social security numbers on the separate returns. If you or your spouse paid separate estimated tax, but you are now filing a joint income tax return, add the amounts you each paid.

Follow the above instructions even if your spouse died during the year.

Line 36

1994 Overpayment Applied to 1995 Estimated Tax

Enter on this line any overpayment from your 1994 return that you applied to your 1995 estimated tax.

Line 37

Amount Paid with Extension(s)

If you filed Form N-101A and/or Form N-101B to get an extension of time to file Form N-11, enter the amount you paid on this line.

Refundable Credits

IMPORTANT! If the amount of payments plus these credits is at least \$1 more than your tax, the difference will be refunded to you. It is very important that you *carefully* read the following instructions for each of these credits to ensure that you properly claim all the credits to which you are entitled.

Warning: Many of the following credits **MUST** be claimed on or before the end of the twelfth month following the end of the taxable year. If you do not claim these credits within that period, the credits are **waived** and **cannot** be claimed later, even on an amended return.

Line 38

General Income Tax Credit

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes. Most other taxpayers qualify for this credit.

This is a one-time \$1 general income tax credit for qualifying resident taxpayers for the year 1995. You can take this credit for yourself, your spouse if you are married filing jointly, and your dependents. However, each person must have been a resident of the State for at least nine months in the taxable year, *whether or not* the person was physically present in Hawaii for nine months. Thus, a resident taxpayer who is temporarily stationed outside Hawaii, or who is attending school on the mainland, might qualify for this credit although the person would not qualify for the Food Tax Credit (see line 39 and Schedule X, Part I).

This credit is not available to:

- 1) any person convicted of a felony who is confined in prison for the **full** taxable year;
- 2) any person, who would otherwise qualify as a dependent, who is confined in a youth correctional facility for the **full** taxable year; or
- 3) any misdemeanor who is confined in jail for the **full** taxable year.

To Claim This Credit. There is no special form to be filed. Just multiply \$1 by the number of qualified resident taxpayers, and enter the amount on line 38.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 39

Food Tax Credit

Most full-year resident taxpayers qualify for this credit. See the instructions for Schedule X, Part I, on page 35. Figure the credit on Schedule X, Part I, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 40

Credit for Low-Income Household Renters

If you occupy and pay rent for real property within the State as your residence, your Hawaii adjusted gross income was less than \$30,000, and the rent you paid during 1995 was more than \$1,000, you may qualify for this credit. To see if you qualify, see the instructions for Schedule X, Part II, on page 35. If you qualify, figure the credit on Schedule X, Part II, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 41

Credit for Child and Dependent Care Expenses

Certain payments made for child and dependent care (including payments

made to the State of Hawaii A+ Program) may be claimed as a credit against your tax due. To see if you qualify, see the instructions for Schedule X, Part III, on page 36. If you qualify, figure the credit on Schedule X, Part III, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Line 42

Medical Services Excise Tax Credit

Caution: This credit cannot be claimed for expenses such as general doctor bills or hospital expenses where only the 4% tax was paid.

A resident taxpayer who has paid medical expenses that are subject to the 6 percent nursing facilities tax may qualify for this credit. To see if you qualify, see the instructions for Schedule X, Part IV, on page 38. If you qualify, figure the credit on Schedule X, Part IV, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 43

Credit for Child Passenger Restraint System

Each resident taxpayer who files an individual income tax return for the taxable year may claim a tax credit for 1995 for the purchase of **one or more new** child passenger restraint systems which comply with federal motor vehicle safety standards.

Note: This credit is **\$25 per return** regardless of the cost or the number of restraint systems purchased.

To Claim this Credit. Enter \$25 in line 43, and attach a copy of the sales invoice, which states the type of child restraint system purchased, to your return.

Your claim for this credit may be rejected if the invoice is not attached, or if 1) or 2) applies but no statement or explanation is attached.

- 1) If the invoice doesn't have your name on it, you must attach a statement saying that you and nobody else is claiming the credit for the purchase described in the invoice.
- 2) If the invoice has somebody else's name on it, you must attach an explanation.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 44

Capital Goods Excise Tax Credit

A 4 percent credit is available to Hawaii businesses that acquire qualifying business property and place it in service during the taxable year.

To Claim This Credit. Complete Form N-312 and attach the form to your return.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

For more information, see the instructions for Form N-312; Tax Information Release No. 88-6, *Capital Goods Excise Tax Credit*; Tax Information Release No. 88-8, *Capital Goods Excise Tax Credit Recapture*; and Tax Information Release No. 89-4, *The Taxpayer Who Is Entitled To The Capital Goods Excise Tax Credit When the Parties Characterize a Transaction As A Sale-Leaseback*.

Line 45

Fuel Tax Credit for Commercial Fishers

Each principal operator of a commercial fishing vessel who files an individual income tax return may claim an income tax credit for certain fuel taxes paid during the year.

To Claim This Credit. Complete Form N-163 and attach the form to your return.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 46

Other Credits

Credit for Taxes Withheld on the Sale of Hawaii Real Property Interests

If taxes were withheld on the sale of your Hawaii real property, see the instructions for *1995 Estimated Tax Payments* on page 20.

If the tax was withheld by a partnership, estate, trust or S corporation, and you are taxable on a pro rata share of the entity's gain on the sale, include **ONLY** the amount of your pro rata share of any net income taxes withheld and paid by the partnership, estate, trust or S corporation on this line, and attach an explanation that includes the name and tax identification number of the entity withholding the tax.

Note: *If the partnership, estate, trust or S corporation filed a Form N-288C, "Application for Tentative Refund of Withholding on Dispositions of Hawaii Real Property Interests", you **may not** claim this credit for your share of the amount being refunded to the entity.*

Credit From a Regulated Investment Company

A shareholder of a regulated investment company is allowed a credit for the tax paid to the State by the company on the amount of capital gains which by section 852(b)(3)(D) of the Internal Revenue Code is required to be included in the shareholder's return. The regulated investment company will notify you of the undistributed capital gains amount and the tax paid, if any. If this credit applies to you, include the amount on line 46 and attach an explanation.

Line 47

Total Payments and Credits

Add lines 34 through 46. Enter the amount on this line.

Refund or Balance Due

Line 48

Amount Overpaid

If line 47 is larger than line 33, the difference is the amount overpaid. You can choose to have all, or part, of this amount refunded to you (line 49). The remainder, if any, can be applied to your estimated tax for 1996 (line 50). If line 48 is under \$1, we will send you a refund only on written request.

Line 49

Refund

Enter the amount from line 48 that you want refunded to you.

Line 50

Applied to 1996 Estimated Tax

Line 48 minus line 49. This is the amount that will be applied to your estimated tax for 1996.

We will apply amounts to your account unless you attach a request to apply it to your spouse's account. The request should include your spouse's social security number and full name.

Line 51

Balance Due

If line 33 is larger than line 47, the difference is your balance due. Attach your check or money order for the full amount when you file. Make it out to "Hawaii State Tax Collector." Be sure to write your social security number and "1995 Form N-11" on it. Please pay in U.S. dollars. If line 51 is under \$1, you do not have to pay.

Note: *If you include penalty and/or interest for the late filing of your return with your payment, identify and enter these amounts on a separate sheet of paper and attach to Form N-11. Do not include the penalty and/or interest amounts for the late filing of your return in the Balance Due on line 51.*

Line 52

Underpayment of Estimated Tax Penalty

See the instructions for **Penalties and Interest** on page 34 and Form N-210, Underpayment of Estimated Tax by Individuals and Fiduciaries, to see if you owe a penalty for the underpayment of estimated taxes. If you

owe a penalty, enter the penalty amount on Form N-11, line 52. Add the penalty amount to any tax due and enter the total on line 51. If you have an overpayment, subtract the penalty amount from the overpayment you show on line 48. However, if your overpayment is less than the penalty amount, enter the difference as a balance due on line 51.

Line 53

1996 Forms

If your Form N-11 is prepared by someone else, or if you do not need Hawaii income tax forms mailed to you next year, check the box at line 53, and you will receive a preprinted label only.

Business Activities

All taxpayers *MUST* complete lines 54, 55, and 56.

Line 54

Schedule C

If you filled in Schedule C or Schedule C-EZ for federal Form 1040 or 1040PC (for taxpayers receiving income from operating a business or practicing a profession as a sole proprietorship), check "Yes". If you checked "No", go on to line 55.

Gross Receipts

Enter your gross receipts or sales, net of returns and allowances. This will be the amount from Schedule C, line 3; or Schedule C-EZ, line 1.

If you filed more than one Schedule C, enter the total of your gross receipts.

Hawaii G.E./Use Tax Identification Number

Enter your Hawaii General Excise/Use Tax Identification Number for this activity.

If more than one identification number applies, enter all of them here or on a separate sheet.

Main Business Activity and Product

Report the business activity that accounted for the most gross income included here. Give the general field as well as the product or service. For example, "wholesale—groceries" or "retail—hardware".

Line 55

Rents on Schedule E

If you received rental income and reported it on Schedule E, Form 1040 or 1040PC, check "Yes". If you checked "No", go on to line 56.

Gross Receipts

Enter your gross rents. In most cases, this will be the amount from Schedule E, line 3.

If you filed more than one Schedule E, enter the total of your gross rents.

Hawaii G.E./Use Tax Identification Number

Enter your Hawaii General Excise/Use Tax Identification Number for this activity, *even if you wrote the same number down on line 54.*

If more than one identification number applies, enter all of them here or on a separate sheet.

Line 56

Schedule F

If you completed Schedule F for Form 1040 or 1040PC (for those receiving farming income), check "Yes". If you checked "No", go to Step 6 on page 34.

Gross Receipts

Enter your gross receipts or sales, net of returns and allowances. This will be the amount from Schedule F, line 11.

Hawaii G.E./Use Tax Identification Number

Enter your Hawaii General Excise/Use Tax Identification Number for this activity, *even if you wrote the same number down on line 54 or 55.*

Main Business Activity and Product

Report the business activity that accounted for the most gross income included here. Give the general field as well as the product or service. For example, "ranching—cattle".

Form N-11 filers, now go to Step 6 on page 34.

Line-By-Line Instructions— Form N-12

Income

An individual who was a Hawaii resident for the **entire** year is subject to income tax on his or her **entire** income, computed without regard to source in the State.

Special Rules for Part-Year Residents:

A part-year resident (see *Part-Year Resident* on page 4) is subject to income tax on his or her income **from all sources** earned during the period when he or she was a resident. For the period of nonresidence, income tax is imposed on income that comes from Hawaii sources.

Income from Hawaii Sources. Income from Hawaii sources includes:

- Compensation earned for services performed in Hawaii.
- Income from an interest in Hawaii real property or personal property located in Hawaii, such as rents.
- Income from a trade or business performed in Hawaii.
- Gains from the sale of real or personal property that was located in Hawaii at the time of the sale. If the purchase price is payable in installments and you are reporting the gain on the installment method, or if you sell the installment note at a gain, the gain is Hawaii source income if the underlying property was Hawaii source income at the time of the original sale.
- Income from intangible property, such as dividends and most interest income, if the possession and control of the intangible property was localized in Hawaii. If, for example, you pledge your stocks and bonds as security for a loan for a business in Hawaii which you conduct as a sole proprietorship, the interest and dividends on the pledged stocks and bonds are all Hawaii source income.

Example: Hawaii Income of a Part-Year Resident.

T, an unmarried cash basis calendar year taxpayer, was a resident of Arizona on January 1, 1995. T moved to Hawaii on April 1, 1995, and continued to work as an insurance agent. T is a Hawaii resident for the remainder of 1995.

- 1) On March 20, 1995, T received \$20,000 as gain from the sale of Arizona real property held for investment. The \$20,000 gain is out-of-state income earned when T was a nonresident. None of it is taxable by Hawaii.
- 2) T earned commissions of \$25,000 for policies sold after April 1, 1995. The commissions are from a trade or business carried on in Hawaii, and are Hawaii source income. The commissions were earned when T was a Hawaii resident. All of these commissions are taxable by Hawaii.
- 3) T also earned initial and renewal commissions of \$12,000 for policies sold before April 1, 1995, \$4,000 of which T earned before April 1, 1995. The \$12,000 in commissions earned before April 1995 is from a trade or business carried on in Arizona, and is thus out-of-state income. However, only \$4,000 was earned when T was a nonresident. The remaining \$8,000 is taxable by Hawaii.
- 4) Finally, T had signed a business consulting contract with one Arizona client, for which T was paid an additional \$1,200 for services rendered throughout the year. It cannot be determined whether the remaining \$1,200 in commission income was generated while T was a Hawaii resident. Thus, because T was a resident for nine months in 1995, $9/12 \times \$1,200$, or \$900, shall be taxable by Hawaii unless T demonstrates otherwise to the satisfaction of the Department.

For more information on how to determine taxable income of a part-year resident, see sections 18-235-4-02 through 18-235-4-04, Hawaii Administrative Rules, and Tax Information Release No. 90-3, "Income Taxation and Eligibility for Credits of an Individual Taxpayer Whose Status Changes from Resident to Nonresident or from Nonresident to Resident".

Examples of Income You Must Report

Income that you must report on Form N-12 or related forms is slightly different from that you must report on a federal return because Hawaii has different exemptions. (For more information on the differences between federal and Hawaii law, see the instructions for Form N-11, beginning on page 9.) The following kinds of income must be reported:

- Wages, including salaries, bonuses, commissions, fees, and tips.
- U.S. Cost of Living Allowance (COLA) and foreign areas allowances for civilian officers and employees.

- Dividends, including distributions from mutual funds.
- Interest on:
 - tax refunds;
 - bank deposits, bonds, notes;
 - bonds issued by other states and other local governments; and
 - accounts with savings and loan associations, mutual savings banks, credit unions, and other financial institutions.
- Unemployment compensation benefits.
- Temporary Disability Insurance benefits to the extent that such amounts:
 - are attributable to contributions by your employer which were not included in your gross income, OR
 - are paid by your employer.
- Bartering income (fair market value of goods or services you received in return for your goods or services).
- Business expense reimbursements you received that are more than you spent for those expenses.
- Alimony, separate maintenance or support payments received from and deductible by your spouse or former spouse.
- Refunds of State and local taxes if you deducted the taxes in an earlier year and got a tax benefit. See the instructions for Line 10, on page 24.
- Life insurance proceeds from a policy you cashed in if the proceeds are more than the premiums you paid.
- Income from businesses and professions.
- Your share of profits from partnerships and small business corporations.
- Annuities and endowments.
- Jury duty fees.
- Prizes and awards.

Examples of Income You Do Not Report

- Pensions where no employee contributions are involved. See *Pensions* on page 27.
- Benefits paid by the Hawaii Employees' Retirement System or similar public (Federal, City, County, or other State) retirement system. See *Pensions* on page 27.
- Amounts you received as combat duty pay while deployed to an area designated as a war zone by the President of the United States.
- All Government payments and benefits made to veterans and their families.
- Payments made under the Civil Liberties Act of 1988 to persons interned during World War II. (For more information, see Tax Information Release No. 88-7.)
- Dividends on veterans' Government Insurance.
- Worker's compensation, insurance, damages, or settlements for bodily injury or sickness.
- Interest on Federal obligations such as U.S. Savings Bonds, and Hawaii State and County municipal bonds.
- Interest on bonds issued by the Governments of Puerto Rico, Virgin Islands, and Guam.
- Life insurance proceeds upon death.
- Social Security benefits.
- Railroad Retirement Act benefits.
- Gifts, inheritances, bequests.
- Compensation by Hawaii or the U.S. to a patient with Hansen's disease.
- Child support.
- Welfare benefits.
- Amounts you received from an insurance company because you lost the use of your home due to fire or other casualty to the extent the amounts were more than the cost of your normal expenses while living in your home. (You must report reimbursements of normal living expenses as income.)
- Contributions to deferred compensation plans with respect to service for state and local governments or to an annuity purchased by qualified nonprofit organizations and public schools.

Line 7

Wages, Salaries, Tips, Etc.

Report as income any salaries, wages, or other compensation received by you, or available to you, including compensation for services rendered outside Hawaii (unless you were a nonresident at the time). You must report the full amount of your wages, salaries, fees, commissions, tips, bonuses, and other payments for your personal services even though taxes and other amounts have been withheld by your employer. Include in this total:

- The amount shown on Form W-2 in box 17 (State wages, tips, etc.). You must report as income the amount of allocated tips shown on your federal W-2 form(s) unless you can prove a lesser amount with adequate records.

Note: If you did not receive a Form HW-2 or federal Form W-2, see Step 1 of these instructions on page 6.

- Tips you received that you did not report to your employer.
- Payment in merchandise, etc.—If your employer pays part or all of your wages in merchandise, services, stock or other things of value, you must determine the fair market value of such items and include it in your wages.
- Fair market value of meals and living quarters if given by your employer as a matter of your choice and not for your employer's convenience. (Don't report the value of meals given you at work if they were provided for your employer's convenience. Also do not report the value of living quarters you had to accept as a condition of employment).
- Strike and lockout benefits paid by a union from union dues. Include cash and the fair market value of goods received. Don't report benefits that were meant as a gift.
- The taxable portion of employer-paid dependent care benefits from federal Form 2441, line 20; line 20 of Form 1040A, Schedule 2; or Schedule X, Part III, line 13. If you are including these benefits, write "DCB" on the dotted line next to line 7.
- Also include on this line, amounts received as Cost of Living Allowance, Living Quarter Allowance, and Temporary Disability Insurance.

Note: You must report on line 7 all wages or other compensation paid for your personal services, even if the income was signed over to a trust (including an IRA), another person, a corporation, or a tax exempt organization.

Line 8

Interest Income

Enter your total interest income. Each payer of interest should send you a federal Form 1099-INT or 1099-OID.

Report any interest you received or that was credited to your account so you could withdraw it. (It does not have to be entered in your passbook.) If you were charged an interest penalty for early withdrawal of your savings, see the instructions for line 24, on page 29.

Use the *Interest Worksheet* on this page to help you figure the amount of your taxable interest.

Examples of Interest Income You MUST Report

You must report interest on:

- Accounts with banks, credit unions, and savings and loan associations.
- Building and loan accounts.
- Notes and loans.
- Tax refunds (report only the interest on this line; also see the instructions for line 10).
- Bonds and debentures.

Note: Municipal bonds that are issued by another State are **taxable** in Hawaii. However, U.S. Savings Bonds and U.S. Treasury obligations are **exempt** in Hawaii. For more information about what kinds of obligations are exempt, see Tax Information Release No. 84-1, "Taxability of Interest on U.S. Obligations".

- Money market funds. But if the payer gives you a federal Form 1099-DIV, report the income as *dividends* on line 9.

Interest Worksheet

- | | |
|--|-------|
| 1. Enter the total interest on Form(s) 1099-INT and 1099-OID, and other interest received..... | _____ |
| 2. Enter any U.S. Savings Bond interest that was excluded on line 14 of federal Form 8815..... | _____ |
| 3. Enter the total interest paid on out-of-state municipal bonds, including municipal bond mutual funds..... | _____ |
| 4. Add lines 1, 2, and 3 | _____ |
| 5. Enter the interest on U.S. Savings Bonds and other federal obligations..... | _____ |
| 6. Line 4 minus line 5. Enter the result on Form N-12, line 8..... | _____ |

Line 9

Dividends

Dividends are distributions of money, stock, or other property that corporations pay to stockholders. Payers include nominees or other agents. Each payer should send you a federal Form 1099-DIV. (If the payer gives you a federal Form 1099-INT or 1099-OID, report the income as *interest* on line 8.)

Use the *Dividend Worksheet* below to help you figure the amount of your taxable dividends.

Dividend Worksheet

- | | |
|--|-------|
| 1. Enter the total gross distributions from Box 1a of your Form(s) 1099-DIV | _____ |
| 2. Enter the total capital gain distributions from Box 1c of your Form(s) 1099-DIV. These gains will be reported on Form N-12, line 13 | _____ |
| 3. Line 1 minus line 2 | _____ |
| 4. Enter the total nontaxable distributions from Box 1d of your Form(s) 1099-DIV. Your basis in the stock paying these distributions must be reduced by this amount. If your basis is below zero, report the gain on Form N-12, line 13..... | _____ |
| 5. Line 3 minus line 4. Enter the result on Form N-12, line 9..... | _____ |

Distributions Include

- **Ordinary dividends.** These are paid out of earnings and profits and are ordinary income. Assume that any dividend you receive is an ordinary dividend unless the paying corporation tells you otherwise.
- **Capital gain distributions.** If your Form 1099-DIV shows capital gain distributions (Box 1c), that amount is reported on line 13. The remaining amount is reported here.
- **Nontaxable distributions.** Some distributions are nontaxable because they are a return of your investment (Box 1d of Form 1099-DIV). They will not be taxed until you recover your cost. You must reduce your cost (or other basis) by the amount of nontaxable distributions received. After you get back all of your cost (or other basis), you must report these distributions as capital gains.
- **Reinvested dividends.** Dividends that are reinvested in stock purchase plans are taxable.

Do Not Report as Dividends

- Mutual insurance company dividends that reduced the premiums you paid.
- Amounts paid on deposits or accounts from which you could withdraw your money such as mutual savings banks, cooperative banks, and credit unions. These amounts are reported as interest on Form N-12, line 8.
- Stock dividends or stock splits.

Line 10

Taxable Refunds of State and Local Income Taxes

If you received a refund or credit in 1995 for state or local income taxes you paid before 1995, you may have to report it as income on your Hawaii income tax return. You should receive federal Form 1099-G, or a similar statement, showing the amount of the refund.

Any part of a refund of state or local income taxes paid before 1995 that you were entitled to receive in 1995 but chose to apply to your 1995 estimated state income tax is considered to have been received in 1995.

Do not report your refund as income if the refund was for a year in which you did not itemize your deductions.

If you received a refund of 1994 taxes and you itemized deductions in 1994, figure the taxable portion of your refund using the *State Tax Refund Worksheet* below.

If your refund included taxes from any previous year in which you itemized deductions, a similar calculation must be done for each previous year.

If part of your refund was interest, report the interest on Form N-12, line 8.

If your 1994 Hawaii AGI was over \$100,000 (\$50,000 for married taxpayers filing separately), you may be able to report a smaller amount of your tax refund as income because your itemized deductions were reduced in 1994. To compute the proper amount, see federal Publication 525, "Taxable and Nontaxable Income", under *Tax Benefit Rule—Previously Limited Itemized Deductions*. In the computation, however, the Hawaii standard deduction amounts must be used, the amount of the refund due to the Hawaii refundable credits listed above is subtracted, and the base amount for the limitation of itemized deductions remains at \$100,000 (\$50,000 for married taxpayers filing separately). If you use this calculation, enter the result on Form N-12, line 10.

State Tax Refund Worksheet

1. Enter your State tax overpayment (line 60) from your 1994 return.....
2. Enter from your 1994 Form N-12 the following:
 - a. Credit for child and dependent care expenses (line 50).....
 - b. Food/Excise tax credit (line 51)
 - c. Credit for low-income household renter (line 52)
 - d. Credit for general income tax (line 54) ..
 - e. Credit for child passenger restraint system(s) (line 55).....
 - f. Medical services excise tax credit (line 57)
3. Add lines 2a through 2f.....
4. Line 1 minus line 3. If zero or less, stop here; otherwise continue on to line 5
5. Enter amount from your 1994 Form N-12, line 33g.....
6. Enter the amount shown below for the filing status you claimed on your 1994 Form N-12.....

Single—	\$1,500
Married filing jointly or qualifying widow(er)—	1,900
Married filing separately—	950
Head of household—	1,650
7. Line 5 minus line 6. Enter the result, but not less than zero.....
8. Compare the amounts on lines 4 and 7 above and enter the SMALLER of the two amounts here and on line 10, Form N-12. This is the **taxable** part of your refund

Line 11

Alimony Received

Alimony or separate maintenance payments that you received are generally taxable income to you. Report this income on line 11. However, if you received payments while you were a nonresident, a special rule may apply. Call your district tax office or see section 18-235-5-03(e), Hawaii Administrative Rules.

If you received payments under a divorce or separation instrument executed after 1984, see the instructions for line 25 for information on the rules that apply in determining whether these payments qualify as alimony.

Lines 12 to 12b

Business Income or (Loss)

If you operated a business or practiced a profession as a sole proprietorship, this line is used to report the net income or loss from the business. Farming income or losses are also reported on this line.

If your business consists of renting property, report on line 16.

If you receive royalty income, report it on line 18.

Note: If you had self-employment earnings of at least \$400, you are required to file federal Form 1040 or 1040PC. If so, you may have to file Form N-11. See "Which Form to File" on page 5.

Special Rule for Part-Year Residents: If you conduct business in Hawaii and another state or country, you determine the Hawaii portion of that business income by using the "three factor formula", which is generally based on the average percentage in Hawaii of your property, payroll, and sales.

Line 12

Main Business Activity and Product

Report the business activity that accounted for the most gross income included here. Give the general field as well as the product or service. For example, "wholesale—groceries" or "retail—hardware".

Hawaii G.E./Use Tax Identification Number

Enter your Hawaii General Excise/Use Tax Identification Number.

If more than one identification number applies, enter all of them here or on a separate sheet.

Line 12a

Gross Receipts

Enter your gross receipts or sales, net of returns and allowances. If you file Form 1040 or 1040PC, enter the amount from Schedule C, line 3; Schedule C-EZ, line 1; or Schedule F, line 11.

If you filed more than one Schedule C, or if you filed Schedule C and Schedule F, enter the total of your gross receipts.

Line 12b

Net Income or (Loss)

Enter your net income or loss. If you file Form 1040 or 1040PC, net income or loss can be calculated on Schedule C, C-EZ, or F.

For expenses that are part business and part personal, deduct only the business part. For example, if only half of your car usage was for business, deduct only half of the cost of operating the car. Deduct interest, taxes, and casualty losses not related to your business as itemized deductions. See the instructions for Form N-12, line 31.

Sales, exchanges, and involuntary conversions (including casualty or theft) of trade or business property may give rise to ordinary income or (loss), or capital gain or (loss). Report ordinary income or losses on line 18. Report capital gains or losses on line 13.

Information Returns

You may have to file information returns for wages paid to employees, certain payments of fees and other non-employee compensation, interest, rents, royalties, annuities, and pensions. For more information, see the instructions for Form HW-3, Employer's Return and Reconciliation of Hawaii Income Tax Withheld from Wages, and N-196, Hawaii Annual Information Return.

Line 13

Capital Gain or (Loss)

This line is used to report:

- Gains or losses from the sale or involuntary conversion of capital assets not held for business or profit.
- Capital gain distributions reported on federal Form 1099-DIV.

Report gains or losses from any of the following transactions on line 18:

- The sale, exchange, or involuntary conversion (other than casualty or theft) of business property, certain depreciable and amortizable property, certain oil, gas and geothermal property, and IRC section 126 property.
- The involuntary conversion (other than casualty or theft) of capital assets held for business or profit.
- The disposition of other assets not mentioned above.

If property is involuntarily converted because of a casualty or theft, use federal Form 4684, Casualties and Thefts.

Use the *Capital Gain/Loss Worksheet* on page 27 to figure the amount of your capital gains or losses. Before starting the worksheet, determine your **sales price** and **cost basis** for the capital assets you sold, and the gain or loss you realized for each capital asset.

Capital Asset

Most property you own and use for personal purposes, pleasure, or investment is a capital asset. For example, your house, furniture, car, stocks, and bonds are capital assets.

A capital asset as defined by law is any property held by a taxpayer except:

- a. Stock in trade or other property included in inventory or held for sale to customers.
- b. Accounts or notes receivable you received for services in the ordinary course of your trade or business or from the sale of any property described in a. or for services you performed as an employee.
- c. Depreciable property used in your trade or business even if it was fully depreciated.
- d. Real property (real estate) used in your trade or business.
- e. A copyright, literary, musical or artistic composition, letter, memorandum, or similar property,
 1. created by your personal efforts, or
 2. prepared or produced for you (in the case of a letter, memorandum, or similar property), or
 3. that you received from a taxpayer mentioned in 1 or 2, in a way (such as by gift) that entitled you to the basis of the previous owner.
- f. U.S. Government publications (including the Congressional Record) that you received from the government other than by purchase at the normal sales price, or that you got from another taxpayer who had received it in a similar way if your basis is determined by reference to the previous owner.

A transfer of patent rights is generally considered a sale or exchange of a capital asset held for more than one year.

A nonbusiness bad debt must be treated as a short-term capital loss.

Short-Term or Long-Term

Separate your capital gains and losses according to how long you held or owned the property. The holding period for long-term capital gains and losses is more than one year. The holding period for short-term capital gains and losses is one year or less.

To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it. Use the trade dates for date acquired and date sold for stocks and bonds on an exchange or over-the-counter market.

Capital Gain Distributions

If a dividend payor, such as a mutual fund company, reports a capital gain distribution to you on Form 1099-DIV, this amount is treated as a long-term capital gain regardless of how long you have held your shares. See federal Publication 550 for more details.

Limits on Capital Losses

The limit on capital losses that can be applied against other income after offsetting capital gains is \$3,000. If you are married and filing separately, the limit is \$1,500.

Unused capital losses are carried over to later years until fully used.

The amount of your capital loss carryover is the amount of your capital loss that exceeds the lesser of:

- 1) Your allowable capital loss deduction for the year, or
- 2) Your taxable income increased by your allowable capital loss deduction for the year and your deduction for personal exemptions.

If your deductions exceed your gross income for the tax year, use your negative taxable income in computing the amount in item (2).

Losses That Are Not Deductible

Do not deduct a loss from the sale or exchange of property directly or indirectly between any of the following:

- Members of a family.
- A corporation and an individual or a fiduciary owning more than 50 percent of the corporation's stock (not counting liquidations).
- A grantor and a fiduciary of a trust.
- A fiduciary and a beneficiary of the same trust.
- A fiduciary and a fiduciary or beneficiary of another trust created by the same grantor.
- An individual and a tax-exempt organization controlled by the individual or the individual's family.
- A partnership and a corporation if the same taxpayers own directly or indirectly more than 50% of the capital interest, or profits interest, in the partnership and corporation.

If you sell or otherwise dispose of (1) an asset used in an activity to which the "at risk" rules apply or (2) any part of your interest in an activity to which the "at risk" rules apply (see IRC section 465), combine the gain or loss on the disposition with the profit or loss from the activity. If you have a net loss, you may be subject to the "at risk" provisions.

Special Cases

The following items may require special treatment:

- Transactions by a securities dealer.
- Wash sales of stock or securities.
- Bonds and other evidence of indebtedness if an original issue discount is a factor.
- Gain on the sale of qualified reinvested dividends from a qualified public utility.
- Certain real estate subdivided for sale which may be considered a capital asset.
- Distributions received from an employee pension, profit-sharing, or stock bonus plan (see Form N-152, Special 5-Year Averaging Method).
- Gain on the sale of depreciable property between husband and wife or between shareholder and a controlled corporation treated as ordinary gain.
- Gain on disposition of stock in a Domestic International Sales Corporation.
- Gain or loss on options to buy or sell, including closing transactions.
- Transfer of property to a foreign corporation as paid-in surplus or as a contribution to capital, or to a foreign trust or partnership.
- Transfer of property to a partnership which would be treated as an investment company if the partnership was incorporated.

Transfer of Appreciated Property to a Political Organization

If you transfer property to a political organization when the fair market value of the property is more than your adjusted basis, treat the transaction as a property sale on the transfer date. Report the fair market value of the property at the time of the transfer as the sales price. Ordinary income or capital gains provisions apply as if a sale took place.

Exchange of Like-Kind Property

Report the exchange of "like-kind" property on federal Form 8824, Like-Kind Exchanges. You must report it even though no gain or loss is recognized when you exchange business or investment property for property of "like-kind." (This does not include stock in trade or other property held primarily for sale. It also does not include stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest.)

Small Business Stock

Subject to limitations, you may deduct the loss on the sale, exchange, or worthlessness of small business stock (IRC section 1244) as an ordinary loss on line 18 (Other Income). However, gains are reported as capital gains on this line.

Disposition of Business Property

A sale or other disposition of property used in a trade or business, or of an interest in a partnership, may result in either ordinary income or loss, or capital gain or loss. Schedule D-1 should be used to determine whether the gain or loss is ordinary or capital. Ordinary income or loss is reported on line 18 (Other Income).

Also, if the capital goods excise tax credit has been taken on the property, some of the credit may be recaptured. See Form N-312 for further information.

Sale of Your Home

Use Form N-103 to determine the gain or loss from the sale of your main home whether or not you bought another one.

Report a taxable gain from the sale of your main home as a gain from the sale of a capital asset. A loss from such a sale is not deductible.

Tax on a portion or all of the gain from the sale of your principal residence may be deferred if:

- 1) within 24 months after or before the sale, you purchase another principal residence and use it as such; or
- 2) before the sale or within 24 months after the sale, you begin construction of a new principal residence and use it as such not later than two years after the sale.

If you sold your principal residence after attaining the age of 55, you may exclude from gross income, on a one-time elective basis, \$125,000 of gain (\$62,500 if you are married filing separately) from the sale or exchange of your principal residence after July 20, 1981. The exclusion is available only if you owned and used it as your principal residence for at least 3 out of 5 years which precede the sale.

Contact your nearest taxation district office for more details or to obtain Form N-103 which is used to report the sale or exchange or to figure your new basis.

Note: Gain from the sale on your personal residence will **not** be deferred

if your new residence is located outside of Hawaii and you are giving up Hawaii residency.

Installment Sales

If you sold property at a gain, and are to receive any payment in a tax year after the year of sale, you must use the installment method and federal Form 6252, Computation of Installment Sale Income, unless you elect not to. Also use federal Form 6252 if you received a payment in 1995 from a sale made in an earlier year on the installment method.

You may not use the installment method to report income from the sale of stock or securities traded on an established securities exchange. All payments to be received under this type of sale are treated as received in the year of sale.

If you want to elect out of the installment method, you must attach a statement to your return making this election and reporting the full amount of the sale.

Gains and Losses from Section 1256 Contracts and Straddles

For information on how to report gains and losses from regulated futures contracts and straddles, see federal Form 6781.

Undistributed Long-term Capital Gains from Regulated Investment Companies

Include in income as a long-term capital gain the amount which constitutes your share of the undistributed capital gains of a regulated investment company. If a regulated investment company informs you that it has undistributed gains and has told you that it has paid tax to the State of Hawaii because of those gains, you may be entitled to a credit that should be claimed on Form N-12, line 56.

Lines 14a and 14b

IRA Distributions

Use line 14a to report your total individual retirement account (IRA) distributions and line 14b to report your taxable amount.

If you are reporting a "rollover" from one IRA to another IRA, enter the amount of the distribution on line 14a. If the total distribution was rolled over, enter zero on line 14b. Otherwise, enter the taxable part of the distribution as ordinary income on line 14b.

If you are reporting distributions from a rollover IRA, the IRA is treated as a continuation of the plan that provided the funds for the IRA. Some of the amounts may be excluded as pension plan benefits. See *Pensions and Annuities* immediately below.

Do not use lines 14a or 14b to report a rollover from a qualified employer's plan to an IRA; use lines 15a and 15b instead.

Lines 15a and 15b

Pensions and Annuities

Use lines 15a and 15b to report annuity income that is fully or partially taxable. Also use these lines to report distributions from profit-sharing plans and employee-savings plans. For a discussion of non-taxable and taxable pensions and annuities, see *Pensions* on page 10.

To compute the taxable portion of your annuity or pension, use Schedule J.

Caution: Certain transactions, such as loans against your interest in a qualified plan, may be treated as taxable distributions.

Note: If you did not contribute to the cost of your annuity or you recovered your entire cost before January 1, 1995, report the entire amount of the distribution on Form N-12, lines 15a and 15b.

Examples of items you must report:

- Distributions from a private employer pension plan received upon retirement are partially taxed if the employee contributed to the pension plan.
- Distributions from a deferred compensation plan are fully taxable. If you are receiving a distribution from such a plan, include the gross amount in lines 15a and 15b.
- Annuity Plans. Attach Schedule J to figure the exempt amount.
- Rollover IRAs. Report these amounts on lines 14a and 14b.
- Distributions from a plan that is partly pension and partly deferred compensation, such as a 401(k) plan with a profit sharing component or an employer matching program, a SEP plan with employer contributions as well as a salary reduction option, or a similar hybrid plan, attach Schedule J to figure the taxable amount.
- A lump-sum distribution from a pension plan of which you are electing to use the special five-year or ten-year averaging method. Attach Schedule

Capital Gain/Loss Worksheet

1. Enter the net gain or (loss) from sales of capital assets held for one year or less
2. Enter the short-term capital gain or (loss) reported to you on any Schedule(s) K-1
3. Enter the short-term capital gain or (loss) not included on lines 1 and 2, such as from federal Forms 2119, 4684, 6781, and 8824
4. Enter your short-term capital loss carryover from 1994 ...
5. **Net short-term gain/(loss).** Combine lines 1 through 4 .
6. Enter the net gain or (loss) from sales of capital assets held for more than one year
7. Enter the capital gain distributions reported to you on Form 1099-DIV
8. Enter the long-term capital gain or (loss) reported to you on any Schedule(s) K-1
9. Enter the long-term capital gain or (loss) not included on lines 6 to 8, such as from federal Forms 2119, 2439, 4684, 4757, 6252, 6781, and 8824
10. Enter your long-term capital loss carryover from 1994
11. **Net long-term gain/(loss).** Combine lines 6 through 10.
12. **Net capital gain/(loss).** Combine lines 5 and 11

If both lines 11 and 12 are gains, enter the amount from line 12 on Form N-12, line 13. You may be able to use the *Tax on Capital Gains Worksheet* on page 18 to reduce your tax.

If line 12 is a (loss), continue with the rest of the worksheet below to figure what to enter on Form N-12 and how much of your loss you can carry over to next year.

13. Enter (\$3,000), or, if married filing separately, (\$1,500) ...
14. Compare lines 12 and 13, and write the smaller loss here.
Enter this amount on Form N-12, line 13

You can now complete the rest of Form N-12. You can come back to this worksheet to figure the amount of capital loss you can carry over to next year.

Capital Loss Carryovers to 1996

15. Enter the amount from Form N-12, line 33. If the amount is negative, write it as a (loss)
16. Enter the amount on line 14 as a positive number
17. Combine lines 15 and 16. If this amount is zero or less, enter -0-
18. Enter the smaller of line 16 or line 17
19. If you have a net short-term loss on line 5, enter that amount as a positive number here. Otherwise, enter -0- here and go to line 24.
20. If you have a net long-term gain on line 11, enter that number here. Otherwise, enter -0- here
21. Enter the amount from line 18
22. Line 20 plus line 21
23. Line 20 minus line 23. If zero or less, enter -0-. This is your short-term capital loss carryover to 1996.
24. If you have a net long-term loss on line 11, enter that amount as a positive number here. Otherwise, **stop here**
25. If you have a net short-term gain on line 5, enter that number here. Otherwise, enter -0- here
26. Line 18 minus line 19. If zero or less, enter -0-
27. Line 25 plus line 26
28. Line 24 minus line 27. If zero or less, enter -0-. This is your **long-term capital loss carryover to 1996**

J and Form N-152, Tax on Lump Sum Distributions, to figure the taxable amount.

Note: If your lump-sum distribution included capital gain amounts and you made the capital gain election on Form N-152, you may be able to reduce your tax by including the capital gain amounts in the *Tax on Capital Gains Worksheet*. See the instructions on page 18.

Lines 16a and 16b

Rents from Real Estate

If you rented real property during the year, report on this line. Report any other sole proprietorship activity on lines 12 to 12b.

Hawaii G.E./Use Tax Identification Number

Enter your Hawaii General Excise/Use Tax Identification Number, even if you wrote the same number down on line 12.

If more than one identification number applies, enter all of them here or on a separate sheet.

Line 16a

Gross Receipts

Enter your gross rents. If you file Form 1040, enter the amount from federal Schedule E, line 3. (Royalty income from Schedule E is reported on line 18.)

If you filed more than one Schedule E, enter the total of your gross rents.

Line 16b

Net Income or (Loss)

Enter your net income or loss. If you file Form 1040, you will normally enter the amount from Schedule E, line 26.

Line 17

Unemployment Compensation

Unemployment compensation you receive is taxable. You should receive federal Form 1099-G, or a similar statement, showing the total unemployment compensation paid to you during the year. For payments in 1995 you should receive this statement by January 31, 1996.

Note: *Supplemental unemployment benefits received from a company-financed supplemental unemployment benefit fund are wages. They are not considered unemployment compensation. Report these benefits on Form N-12, line 7.*

If you received any unemployment compensation during the taxable year, enter the total from federal Form(s) 1099-G on line 17.

Line 18

Other Income

Use line 18 to report any income that is not reported elsewhere on your return or other schedules. Attach an explanation showing the nature and source of the income.

Caution: *Do not report any income from self-employment on line 18. If you have income from self-employment, report it on lines 12 to 12b.*

Examples of income to be reported on line 18 are:

- **Royalty income.**
- **Prizes, awards, and gambling winnings.** Proceeds from lotteries, raffles, and other games of chance are gambling winnings. You must report the full amount of your winnings on this line. You cannot offset losses against winnings and report the difference.
If you had any gambling losses, you may take them as a miscellaneous itemized deduction not subject to the 2% AGI limitation on line 31f. However, you cannot deduct more losses than the winnings you report.
- **Repayment of items that you deducted in an earlier year,** such as medical expenses or real estate taxes, if the deduction reduced your tax.
- Amounts you recovered on **bad debts** that you deducted in an earlier year.
- **Fees received for jury duty and precinct election board duty.** These fees are taxable, but you may be able to deduct part or all of your jury duty pay if you were required to turn it over to your employer. See the instructions for line 28 on page 29.
- **Taxable Individual Housing Account (IHA) distributions.** See *Individual housing accounts* on page 9.
- **Scholarships and fellowships.** If you received a scholarship or fellowship that was granted after August 16, 1986, part or all of it may be taxable even if you didn't receive a federal W-2 form. If you were a degree candidate, the amounts you used for expenses other than tuition and course-related expenses are taxable. For example, amounts used for room, board, and travel are taxable. If you were not a degree candidate, the full amount of the scholarship or fellowship is taxable. Include the taxable amount on line 18.
- **Your share of income from a partnership, S corporation, estate, or trust.** The amount of income will be reported to you on a Hawaii Schedule K-1.
Special Rule for Part-Year Residents: Part-year residents are fully taxed

on all income earned during the period of residency, and on Hawaii source income earned during the period of nonresidency. The paying entity may send you a Hawaii Schedule K-1 that will tell you how much income was Hawaii source income; if it does not, you still need to find this information out from the paying entity. If you are unable to determine how much was earned during the period of residency, prorate it over the year. For example, if a part-year resident was a resident for 4 months and was told by a partnership that the resident's share of income was \$45,000, out of which \$15,000 was Hawaii source income, then the taxable portion would be \$15,000 Hawaii source income plus one-third (4 months / 12 months) of the non-Hawaii source income of \$30,000 (\$45,000 - \$15,000), for a total of \$25,000 (\$15,000 + 1/3 of \$30,000).

Net Operating Loss

If, in 1995, your business or profession lost money, or you had a casualty loss, or a loss from the sale or other disposition of depreciable property or real property used in your trade or business, you can apply the losses against your 1995 income. If the losses exceed your income, the excess is a "net operating loss" which generally may be used to offset your income for the 3 years prior to and the 15 years following this year. The loss may be carried back to the third prior year and any remaining balance brought forward to each succeeding year.

Generally, you can use a net operating loss to reduce your income for the 3 years before 1995 and the 15 years after, or you may elect to use it to reduce your income for the 15 following years without carrying the loss to the 3 prior years. If you carry back the loss and are due a refund from the carryback, you may use Form N-109, Application for Tentative Refund from Carryback of Net Operating Loss, to get a quick refund. But if you elect to carry the loss forward instead, you must attach a statement to this effect on a timely filed return (including extensions). If you make such an election, it cannot be changed later.

If you had a loss in a prior year to carry forward to 1995, include the amount on line 18. If there is no other income to report, enter the loss amount in (parentheses) as a minus figure. Attach a separate sheet showing how you figured the amount. See Form N-109 for details.

Line 19

Total Income

Add the amounts from line 7 through line 18.

If any of these amounts are negative, first add all the positive amounts. Next, add all the negative amounts. Then, subtract the total of the negative amounts from the total of the positive amounts and enter the result on line 19. If the result is negative, enter it in (parentheses).

Adjustments to Income

Lines 20a and 20b

Individual Retirement Accounts (IRAs)

If you were a Hawaii resident for the entire year, you may claim the same amount allowed on your Federal return as an IRA deduction. For more information, see the instructions to federal Form 1040.

Special Rule for Part-Year Residents: If you were a part-year resident, a deduction is only allowed to the extent that it is attributed to compensation earned in Hawaii or earned while you were a Hawaii resident. To compute your allowable deduction:

- 1) Divide your total earned income subject to taxation in Hawaii by the total earned income computed without regard to source.
- 2) Multiply the resulting percentage by the deduction allowed on your federal return.

For more information, see section 18-235-5-03(f), Hawaii Administrative Rules.

Line 21

Moving Expenses

Employees and self-employed persons (including partners) can deduct certain moving expenses.

You can take this deduction if you moved in connection with your job or business and your new workplace is at least 50 miles farther from your old home than your old home was from your old workplace. If you had no former workplace, your new workplace must be at least 50 miles from your old home.

No deduction is allowed for the expenses of moving to a new place of employment outside the State of Hawaii.

For more details, see Form N-139. Complete and attach the form to your return.

Line 22

Deduction for Self-Employment Tax

If you are self-employed, you may deduct as a business expense 50% of the amount of self-employment taxes paid for the tax year.

Special Rule for Part-Year Residents: If you were a part-year resident, compute your allowable deduction as follows:

- 1) Divide your total self-employment income subject to taxation in Hawaii by the total self-employment income computed without regard to source.
- 2) Multiply the resulting percentage by the deduction allowed on your federal return.

For more information, see the instructions for federal Form 1040.

Line 23

Keogh Retirement Plan and Self-Employed SEP Deduction

Caution: You must have earnings from self-employment to claim this deduction. Sole proprietors and partners enter the allowable deduction for contributions to your Keogh (H.R. 10) Plan and your SEP on line 23.

There are two types of Keogh (H.R. 10) retirement plans:

- **Defined contribution plan**—This plan provides an individual account for each person in the plan. In general, if contributions to the plan are geared to the employer's profits, the plan is a profit-sharing plan. If contributions are not based on the employer's profits, the plan is a money purchase pension plan.
- **Defined benefit plan**.—The deduction for this type of plan is determined by the investment needed to fund a specific benefit at retirement age. Write "DB" on the line to the left of the amount if you have a defined benefit plan.

Special Rule for Part-Year Residents: If you were a part-year resident, compute your allowable deduction as follows:

- 1) Divide your total self-employment income subject to taxation in Hawaii by the total self-employment income computed without regard to source.
- 2) Multiply the resulting percentage by the deduction allowed on your federal return.

For more information, see the instructions for federal Form 1040.

Line 24

Interest Penalty on Early Withdrawal of Savings

The federal Form 1099-INT given to you by your bank or savings and loan association will show the amount of any interest penalty you were charged because you withdrew funds from your time savings deposit before its maturity. Enter this amount on line 24. (Be sure to include the interest income on Form N-12, line 8.)

Special Rule for Part-Year Residents: If you were a part-year resident, the penalty cannot be deducted on your Hawaii return if none of the interest from the account was received while you were a Hawaii resident. If part of the interest from the account was received while you were a Hawaii resident, compute your allowable deduction as follows:

- 1) Divide the amount of interest received on that account subject to taxation in Hawaii by the total interest received on that account.
- 2) Multiply the resulting percentage by the total penalty charged to that account.

Line 25

Alimony Paid

You can deduct (subject to Department of Taxation Rules) periodic payments of alimony or separate maintenance made under a court decree. You can also deduct payments made under a written separation agreement or a decree for support. You CANNOT deduct lump-sum cash or property settlements, voluntary payments not made under a court or a written separation agreement, or amounts specified as child support.

If you paid alimony to one person, enter the name and social security number of the recipient in the blank space to the right of line 25.

If you paid alimony to more than one person, enter the name and social security number of one of the recipients. Show the social security number(s) and the amount paid to the other recipient(s) on an attached statement. Enter your total payments on line 25.

Generally, you may deduct any payment made in cash to, or on behalf of, your spouse or former spouse under a divorce or separation instrument executed after 1984 if ALL 5 of the following apply:

- 1) The instrument does not prevent the payment from qualifying as alimony.
- 2) You and your spouse or former spouse did not live together when the payment was made if you were separated under a decree of divorce or separate maintenance.
- 3) You are not required to make any payment after the death of your spouse or your former spouse.
- 4) The payment is not treated as child support.
- 5) For instruments executed in 1985 or 1986, the minimum term rule is met.

If your alimony payments decrease or terminate during the first 3 calendar years, you may be subject to a recapture rule.

For more information, see federal Publication 504, Tax Information for Divorced or Separated Individuals.

Special Rule for Part-Year Residents: If you were a part-year resident, compute your allowable deduction as follows:

- 1) Divide your total adjusted gross income subject to taxation in Hawaii as a part-year resident by your total adjusted gross income from all sources. In this step, do not include any adjustments for alimony payments.
- 2) Multiply the alimony you paid by the resulting percentage.

For more information, see section 18-235-5-03(e), Hawaii Administrative Rules.

Line 26

Payments to an Individual Housing Account

See the instructions for Form N-11, line 16, on page 11.

Line 27

Military Reserve or Hawaii National Guard Duty Pay Exclusion

Hawaii does not tax the first \$1,750 received by each member of the reserve components of the army, navy, air force, marine corps, coast guard of the United States of America, and the Hawaii national guard, as compensation for performance of duty as such. If you qualify, enter the **smaller** of:

- \$1,750, or
- Your pay, as shown on Box 17 of the Form W-2 sent to you by your reserve component.

If you are married filing a joint return, and you and your spouse qualify, add the exclusions for both of you and enter the total on line 27.

Line 28

Total Adjustments

Add lines 20a through 27. Enter the total on this line. Also include in the total on line 28 jury duty pay you are required to give to your employer because your employer continues to pay your salary while you serve on the jury. Include the amount you repaid during 1995 in the total on line 28 and write "Jury Pay" on the dotted line to the left of the total.

Line 29

Hawaii Adjusted Gross Income

Line 19 minus line 28. If line 29 is less than zero (0), you may have a net operating loss that you can carry to another tax year. If you carry the loss back to earlier years, see Form N-109.

Deductions and Taxable Income Computation

Line 30

Enter amount from line 29 (Hawaii adjusted gross income).

Note: If you can be claimed as a dependent on another person's return, check the box under line 30. Complete the Standard Deduction for Dependents Worksheet on page 31 and enter the appropriate amount on line 32 if you do not itemize your deductions.

Lines 31a to 31f

Itemized Deductions

Taxpayers who itemize their deductions may deduct certain kinds of expenses from their adjusted gross income.

Taxpayers who do not itemize their deductions may reduce their adjusted gross income by the amount of the standard deduction appropriate to their filing status. The amount of the standard deduction is determined on line 32.

You will fall into one of the three classes below:

- You **MUST** itemize deductions,
- You choose to itemize, or
- You do not itemize.

The three classes are described as follows:

You MUST Itemize Deductions

You must itemize deductions if:

- You are married filing a separate return, and your spouse itemizes.
- You are making a return under IRC section 443(a)(1) for a period of less than 12 months on account of a change in your annual accounting period.

You Choose to Itemize

You may choose to itemize your deductions if you are:

- Married filing a joint return, or a qualifying widow(er) with dependent child, and your itemized deductions are more than \$1,900.
- Married and filing a separate return, and your itemized deductions are more than \$950.
- Single, and your itemized deductions are more than \$1,500.
- A Head of household, and your itemized deductions are more than \$1,650.
- A dependent of another taxpayer and your itemized deductions are more than the greater of (1) \$500 or (2) your earned income up to the amount of the standard deduction for your filing status.

If you do itemize, your deductions are generally figured on *Worksheets A-1 to A-6*, beginning on page 13. Enter the amounts on Form N-12, line 31a to 31f.

For more information on what deductions you can itemize, see the instructions to Form N-11, lines 20a to 20f, beginning on page 12.

Special Rule for Part-Year Residents: If you are a part-year resident, complete *Worksheets A-1 to A-6*, beginning on page 13, but complete *Worksheet A-7* on this page before filling in Form N-12, line 31a to 31f.

You Do Not Itemize

If your itemized deductions are less than the standard deduction amount shown above for your filing status (or you choose not to itemize), go to line 32 and enter your standard deduction amount there (unless you **MUST** itemize as described earlier).

Line 32

Total Itemized Deductions or Standard Deduction

Dependents

If your parent (or someone else) can claim you as a dependent on his or her return (even if that person chose not to claim you), check the box *under line 30*. If you are claiming the standard deduction, see **Standard Deduction for Dependents** on page 31 to figure your standard deduction.

Itemized Deductions

Your state income tax will be less if the total of your itemized deductions is larger than the standard deduction. To figure your itemized deductions, fill in lines 31a to 31f.

If the amount on Form N-12, line 29, is \$100,000 or less (\$50,000 if married filing separately), add lines 31a through 31f, and enter the result on line 32.

People with higher incomes may not be able to deduct all of their itemized deductions. If the amount on Form N-12, line 29, is more than \$100,000 (\$50,000 if married filing separately), use the worksheet on page 31 to figure the amount you may deduct.

Worksheet A-7—For Part-Year Residents

1. Enter the amount from Form N-12, line 29 (Hawaii adjusted gross income)	_____
2. Enter the amount of any income that you excluded because it was not earned in Hawaii during the period you were a nonresident.....	_____
3. Line 1 plus line 2	_____
4. If you had to reduce any of your adjustments to income because you were not a full-year resident, enter the amount of the reduction here.....	_____
5. Line 3 minus line 4. This is your adjusted gross income from all sources (which might not equal your federal adjusted gross income)	_____
6. Line 1 divided by line 5	_____
Medical and dental expenses—	
7. Medical or dental expenses from Worksheet A-1, line 1 ..	_____
8. Line 6 times line 7	_____
9. Line 1 times 7.5% (0.075).....	_____
10. Line 8 minus line 9. If line 9 is larger than line 8, enter zero here. Enter this amount on Form N-12, line 31a	_____
State and local taxes—	
11. State and local taxes from Worksheet A-2, line 9	_____
12. Taxes on out-of-state income earned while nonresident, such as tax withheld on an out-of-state job	_____
13. Taxes on Hawaii income OR on income earned while resident in Hawaii	_____
14. Line 12 plus line 13	_____
15. Line 11 minus line 14	_____
16. Line 6 times line 15	_____
17. Line 13 plus line 16. Enter this amount on Form N-12, line 31b	_____
Interest you paid—	
18. Interest expense from Worksheet A-3, line 14	_____
19. Home mortgage interest on an out-of-state principal residence	_____
20. Home mortgage interest on a home in Hawaii	_____
21. Line 19 plus line 20	_____
22. Line 18 minus line 21	_____
23. Line 6 times line 22	_____
24. Line 20 plus line 23. Enter this amount on Form N-12, line 31c	_____
Gifts to charity—	
25. Gifts to charity from Worksheet A-4, line 18	_____
26. Line 6 times line 25. Enter this amount on Form N-12, line 31d	_____
Casualties and thefts—	
27. Casualty and theft losses from Worksheet A-5, line 19 ...	_____
28. Line 6 times line 27. Enter this amount on Form N-12, line 31e	_____
Miscellaneous itemized deductions—	
29. Miscellaneous deductions from Worksheet A-6, line 23 ..	_____
30. Line 6 times line 29	_____
31. Line 1 times 2% (0.02)	_____
32. Line 30 minus line 31. If line 31 is larger than line 30, enter -0- here. Enter this amount on Form N-12, line 31f	_____

For further information on calculation of itemized deductions for part-year residents, see section 18-235-5-03, Hawaii Administrative Rules.

Standard Deduction

Taxpayers who do not itemize their deductions may reduce their adjusted gross income by the amount of the standard deduction appropriate to their filing status. The amount of the standard deduction for each filing status is listed below:

Filing Status	Standard Deduction
Single	\$1,500
Married filing jointly	1,900
Married filing separately	950
Head of Household	1,650
Qualifying Widow(er)	1,900

Standard Deduction for Dependents. If you can be claimed as a dependent by someone else and you do not itemize your deductions, your standard deduction is limited to the greater of \$500 or your earned income (up to the full standard deduction for your filing status). The standard deduction for an individual who can be claimed as a dependent on the tax return of another taxpayer is computed as follows:

- A.** Enter your earned income (defined below). If none, enter zero. **A.** _____
- B.** Minimum amount **B.** 500.00
- C.** Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here **C.** _____
- D.** Maximum amount. Enter the full standard deduction for your filing status, shown in the chart above, here **D.** _____
- E.** Compare the amounts on lines C and D above. Enter the SMALLER of the two amounts here and on Form N-12, line 32. **E.** _____

Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Generally, your earned income is the total of the amounts you reported on Form N-12, lines 7 and 12, minus the amount, if any, on line 22.

Special Rule for Part-Year Residents: Part-year residents may claim a full standard deduction provided that they are not claimed as a dependent on another person's return. They DO NOT have to prorate their standard deduction.

Total Itemized Deductions Worksheet	
1. Add the amounts on Form N-12, lines 31a through 31f ...	1. _____
2. Add the amounts on Form N-12, lines 31a and 31e, any gambling losses included on line 31f, and the amount of investment interest	2. _____
3. Line 1 minus line 2 (If the result is zero or less, STOP HERE ; enter the amount from line 1 above on Form N-12, line 32).....	3. _____
4. Multiply line 3 above by 80% (.80)	4. _____
5. Enter the amount from Form N-12, line 29	5. _____
6. Enter \$100,000 (\$50,000 if married filing separately)	6. _____
7. Line 5 minus line 6. (If the result is zero or less, STOP HERE ; enter the amount from line 1 above on Form N-12, line 32.).....	7. _____
8. Multiply line 7 by 3% (.03)	8. _____
9. Compare the amounts on lines 4 and 8 above. Enter the SMALLER of the two amounts here	9. _____
10. Total itemized deductions. Line 1 minus line 9. Enter the result here and on Form N-12, line 32.....	10. _____

Line 33

Line 30 minus line 32.

Line 34

Exemptions

Regular Exemptions

Full and part-year residents are allowed \$1,040 for each exemption they can claim. Multiply \$1,040 by the total number of exemptions you claimed

on line 6e. **Remember, if you can be claimed as a dependent on another person's tax return, you may not claim an exemption for yourself.**

Blind, Deaf, or Totally Disabled—Definition, Certification, and Exemptions

Check the appropriate box(es) on line 34 if you are blind, deaf or totally disabled and your impairment has been certified. You **must** submit completed Forms N-172 and N-857 **prior** to filing your return in order to claim this exemption. **If you do not, the exemption will be disallowed and your return processed without the disability exemption(s) claimed.**

See the discussion regarding this exemption on page 18.

Enter the appropriate amount on line 34.

For more information, see Tax Information Release No. 89-3, "State Tax Benefits Available to Persons with Impaired Sight, Impaired Hearing, or Who are Totally Disabled" and Tax Information Release No. 94-2, "State Tax Benefits Available to Persons Totally Disabled".

Line 35

Taxable Income

Line 33 minus line 34, but not less than zero.

Tax Computation

Line 36

Tax

To figure your tax, you will use one of the following methods. Read the conditions below to see which you should use, and check the appropriate box on line 36. Then, go to the *Tax Computation Worksheet* on page 19.

Tax Table

If your taxable income is less than \$100,000, you **MUST** use the Tax Table on pages 40 through 51 to find your tax. Be sure you use the correct column in the Tax Table. After you have found the correct tax, enter that amount. There is an example at the beginning of the table to help you find the correct tax.

Tax Rate Schedules

You must use the Tax Rate Schedules on page 52 to figure your tax if your taxable income is \$100,000 or more.

Alternative Tax on Capital Gains

If you have a net capital gain, you may be able to reduce your tax using the *Tax on Capital Gains Worksheet* on page 18 if your taxable income is over \$11,000 (\$5,500 for Single, and Married Filing Separately, classifications).

Form N-615

If a child under age 14 has investment income of more than \$1,000, use Form N-615 to see if any of the child's investment income is taxed at the parent's rate and, if so, to figure the child's tax. See Form N-615 for more information.

Total Tax Liability

Use the *Tax Computation Worksheet* on page 19 to figure your total tax liability.

Nonrefundable Credits

Line 37

Credit For Income Taxes Paid to Other States and Countries

If you have out-of-state income that is taxed by another state or foreign country and also by Hawaii, you may claim a credit against your Hawaii income for the net income tax you paid to the other state or foreign country if you meet the certain conditions as discussed in the instructions for Form N-11, line 27, on page 19.

To figure the allowable amount of the credit, first determine how much of your income was from Hawaii sources. See *Income from Hawaii Sources* on page 23. Then fill in the *Other State and Foreign Tax Credit Worksheet* on page 19, and follow the additional instructions that follow the worksheet.

Special Rule for Part-Year Residents: If you are a part-year resident, you are only allowed a credit for the period in which you were a resident. In using the *Other State and Foreign Tax Credit Worksheet* on page 19, **do not**

include income that was earned during the period of nonresidence, deductions that were connected with that income, or taxes paid or payable on that income. For more information, see Tax Information Release No. 90-3, *Income Taxation and Eligibility for Credits of an Individual Taxpayer Whose Status Changes from Resident to Nonresident or Nonresident to Resident*.

Credit For Beneficiaries of Foreign Trusts

See the instructions on page 19.

Credit For Shareholders of S Corporations

See the instructions on page 19.

Line 38

Energy Conservation Tax Credit

Each individual resident taxpayer who files a net income tax return for 1995 may claim a tax credit against his or her income tax liability for a solar or wind energy system, heat pump, or ice storage system installed and placed in service in 1995. For more information, see the instructions to Form N-11, line 28, on page 20.

To claim this tax credit, complete and attach Form N-157.

Line 39

Enterprise Zone Tax Credit

A qualified enterprise zone business is eligible to claim a credit for a percentage of net income tax due the State attributable to the conduct of business within a zone and a percentage of the amount of unemployment insurance premiums paid based on the payroll of employees employed at the business firm establishments in the zone. For more information, see the instructions to Form N-11, line 29, on page 20.

To claim this tax credit, complete and attach Form N-756.

Line 40

Low-Income Housing Tax Credit

Hawaii's low-income housing tax credit is equal to 30% of the federal credit for qualified buildings located within the State of Hawaii. The federal credit must be claimed in order to claim the Hawaii credit. Attach Form N-586, Tax Credit for Low-Income Housing, to the income tax return on which the credit is claimed.

Contact the Housing Finance Development Corporation for qualifying requirements and further information.

Line 41

Credit For Employment of Vocational Rehabilitation Referrals

For more information, see the instructions to Form N-11, line 31, on page 20.

To claim this tax credit, complete and attach Form N-884.

Line 42

Total Nonrefundable Credits

Add lines 37 through 41. Include any of the five credits above that you claimed. Enter the total on this line.

Line 43

Line 36 minus line 42. Enter the result on this line, but not less than zero.

Tax Already Paid

Line 44

Total Hawaii Income Tax Withheld

Add the Hawaii income tax withheld as shown on your Form N-2 and federal Form W-2. Enter the total on this line.

Note: If taxes were withheld on the sale of Hawaii real property, report this amount on **line 45**, "1995 Estimated Tax Payments".

Line 45

1995 Estimated Tax Payments

Enter on this line your estimated Hawaii income tax payments you made on Form N-1 for 1995. Do not include your 1994 overpayment you requested

to have applied to your 1995 estimated tax (this amount is to be reported on line 46).

If you had taxes withheld on the sale of Hawaii real property and you did not apply for a refund of those taxes on Form N-288C, "Application for Tentative Refund of Withholding on Dispositions of Hawaii Real Property Interests", include the amount of taxes withheld and attach a copy of the Form(s) N-288A showing the withholding. If you filed a Form N-288C, subtract the amount of refund you already applied for on that form.

If the tax was withheld for you through a partnership, estate, trust or S corporation, see the Instructions for *Credit for Taxes Withheld on the Sale of Hawaii Real Property Interests* on page 33.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, either of you can claim all of the amount paid or you can each claim a part of it. Please be sure to show both social security numbers on the separate returns. If you or your spouse paid separate estimated tax, but you are now filing a joint income tax return, add the amounts you each paid.

Follow the above instructions even if your spouse died during the year.

Line 46

1994 Overpayment Applied to 1995 Estimated Tax

Enter on this line any overpayment from your 1994 return that you applied to your 1995 estimated tax as shown on line 62 of your 1994 Form N-12.

Line 47

Amount Paid with Extension(s)

If you filed Form N-101A and/or N-101B to get an extension of time to file Form N-12, enter the amount you paid on this line.

Refundable Credits

IMPORTANT! If the amount of payments plus these credits is at least \$1 more than your tax, the difference will be refunded to you. It is very important that you *carefully* read the following instructions for each of these credits to ensure that you properly claim all the credits to which you are entitled.

Warning: Many of the following credits **MUST** be claimed on or before the end of the twelfth month following the end of the taxable year. If you do not claim these credits within that period, the credits are **waived** and **cannot** be claimed later, even on an amended return.

Line 48

Credit for General Income Tax

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes. Most other taxpayers qualify for this credit.

This is a one-time \$1 general income tax credit for qualifying resident taxpayers for the year 1995. For more information, see the instructions to Form N-11, line 38, on page 21.

Line 49

Food Tax Credit

Most full-year resident taxpayers qualify for this credit. See the instructions for Schedule X, Part I, on page 35. Figure the credit on Schedule X, Part I, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 50

Credit for Low-Income Household Renters

If you occupy and pay rent for real property within the State as your residence, your Hawaii adjusted gross income was less than \$30,000, and the rent you paid during 1995 was more than \$1,000, you may qualify for this credit. To see if you qualify, see the instructions for Schedule X, Part II, on page 35. If you qualify, figure the credit on Schedule X, Part II, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Deadline for claiming this credit. Claims for this credit, including any

amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 51

Credit for Child and Dependent Care Expenses

Certain payments made for child and dependent care (including payments made to the State of Hawaii A+ Program) may be claimed as a credit against your tax due. To see if you qualify, see the instructions for Schedule X, Part III, on page 36. If you qualify, figure the credit on Schedule X, Part III, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Line 52

Medical Services Excise Tax Credit

Caution: This credit cannot be claimed for expenses such as general doctor bills or hospital expenses where only the 4% tax was paid.

A resident taxpayer who has paid the 6 percent nursing facilities tax may qualify for this credit. To see if you qualify, see the instructions for Schedule X, Part IV, on page 38. If you qualify, figure the credit on Schedule X, Part IV, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 53

Credit for Child Passenger Restraint System

Each resident taxpayer who files an individual income tax return for the taxable year may claim a tax credit for 1995 for the purchase of **one or more new** child passenger restraint systems which comply with federal motor vehicle safety standards.

Note: This credit is \$25 **per return** regardless of the cost or the number of restraint systems purchased.

To Claim this Credit. Enter \$25 in line 53, and attach a copy of the sales invoice, which states the type of child restraint system purchased, to your return.

Your claim for this credit may be rejected if the invoice is not attached, or if 1) or 2) applies but no statement or explanation is attached.

- 1) If the invoice doesn't have your name on it, you must attach a statement saying that you and nobody else is claiming the credit for the purchase described in the invoice.
- 2) If the invoice has somebody else's name on it, you must attach an explanation.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 54

Capital Goods Excise Tax Credit

A four percent credit is available to Hawaii businesses that acquire qualifying business property and place it in service during the taxable year.

To Claim This Credit. Complete Form N-312 and attach the form to your return.

For more information, see the instructions for Form N-312, Tax Information Release No. 88-6, *Capital Goods Excise Tax Credit*, Tax Information Release No. 88-8, *Capital Goods Excise Tax Credit Recapture*, and Tax Information Release No. 89-4, *The Taxpayer Who Is Entitled To The Capital Goods Excise Tax Credit When the Parties Characterize a Transaction As A Sale-Leaseback*.

Line 55

Fuel Tax Credit for Commercial Fishers

Each principal operator of a commercial fishing vessel who files an individual income tax return may claim an income tax credit for certain fuel taxes paid during the year.

To Claim This Credit. Complete Form N-163 and attach the form to your return.

Deadline for claiming this credit. Claims for this credit, including any

amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 56

Other Credits

Credit for Taxes Withheld on the Sale of Hawaii Real Property Interests

If taxes were withheld on the sale of your Hawaii real property, see the instructions for *1995 Estimated Tax Payments* on page 32.

If the tax was withheld by a partnership, estate, trust or S corporation, and you are taxable on a pro rata share of the entity's gain on the sale, include **ONLY** the amount of your pro rata share of any net income taxes withheld and paid by the partnership, estate, trust or S corporation on this line, and attach an explanation that includes the name and tax identification number of the entity withholding the tax.

Note: If the partnership, estate, trust or S corporation filed a Form N-288C, "Application for Tentative Refund of Withholding on Dispositions of Hawaii Real Property Interests", you **may not** claim this credit for your share of the amount being refunded to the entity.

Credit From a Regulated Investment Company

A shareholder of a regulated investment company is allowed a credit for the tax paid to the State by the company on the amount of capital gains which by section 852(b)(3)(D) of the Internal Revenue Code is required to be included in the shareholder's return. The regulated investment company will notify you of the undistributed capital gains amount and the tax paid, if any. If this credit applies to you, include the amount on line 56 and attach an explanation.

Line 57

Total Payments and Credits

Add lines 44 through 56. Enter the amount on this line.

Refund or Balance Due

Line 58

Amount Overpaid

If line 57 is larger than line 43, line 57 minus line 43 is the amount overpaid. You can choose to have all, or part, of this amount refunded to you (line 59). The remainder, if any, can be applied to your estimated tax for 1996 (line 60). If line 58 is under \$1, we will send you a refund only on written request.

Line 59

Refund

Enter the amount from line 58 that you want refunded to you.

Line 60

Applied to 1996 Estimated Tax

Line 58 minus line 59. This is the amount that will be applied to your estimated tax for 1996. Enter this amount on line 60.

We will apply amounts to your account unless you attach a request to apply it to your spouse's account. The request should include your spouse's social security number and full name.

Line 61

Balance Due

If line 43 is larger than line 57, line 43 minus line 57 is your balance due. Attach your check or money order for the full amount when you file. Make it out to "Hawaii State Tax Collector". Be sure to write your social security number and "1995 Form N-12" on it. Please pay in U.S. dollars. If line 61 is under \$1, you do not have to pay.

Note: If you include penalty and/or interest for the late filing of your return with your payment, identify and enter these amounts on a separate sheet of paper and attach to Form N-12. Do not include the penalty and/or interest amounts for the late filing of your return in the Balance Due on line 61.

Line 62

Underpayment of Estimated Tax Penalty

See the instructions for **Penalties and Interest** on page 34 and Form

N-210, Underpayment of Estimated Tax by Individuals and Fiduciaries, to see if you owe a penalty for the underpayment of estimated taxes. If you owe a penalty, enter the penalty amount on Form N-12, line 62. Add the penalty amount to any tax due and enter the total on line 61. If you have an overpayment, subtract the penalty amount from the overpayment you show on line 58. However, if your overpayment is less than the penalty amount, enter the difference as a balance due on line 61.

Line 63

1996 Forms

If your Form N-12 is prepared by someone else, or if you do not need Hawaii income tax forms mailed to you next year, check the box at line 63, and you will receive a preprinted label only.

Now continue with Step 6 below.

Step 6

Check your return to make sure it is correct.

Step 7

Sign and date your return.

Form N-11 or Form N-12 is not considered a valid return unless you sign it. Your spouse must also sign if it is a joint return. Be sure to date your return and enter your occupation(s). If you have someone else prepare your return, you are still responsible for the correctness of the return. If you are filing a joint return as the surviving spouse, see *Death of Taxpayer* on page 5.

Child's Return. If your child cannot sign the return, sign your child's name in the space provided. Then, add "By (your signature), parent for minor child."

Step 8

Did you have someone else prepare your return?

If you fill in your own return, the Paid Preparer's space should remain blank. If someone prepares your return and does not charge you, that person should not sign your return.

Generally, anyone who is paid to prepare your tax return must sign your return and fill in the other blanks in the Paid Preparer's Information area of your return.

If you have questions about whether a preparer is required to sign your return, please contact your taxation district office.

The preparer required to sign your return **MUST** complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give you a copy of your return in addition to the copy to be filed with your taxation district office.

Step 9

Attachments

Attach a copy of your Form(s) HW-2 and N-2, or federal Form W-2, to the front of Form N-11 or N-12 in the area designated. To the back of your return attach, in the following order:

- If you are filing Form N-11, you **MUST** attach a copy of the first page of federal Form 1040, 1040A, 1040EZ, 1040-TEL, or 1040PC. If you are married filing jointly and you filed separate federal returns, attach a copy of the first page of **both** federal returns.
- Any schedules, in alphabetical order.
- Other Hawaii N- series forms, in numerical order.
- Any other federal forms, in numerical order. Attach them here even if you are using the federal forms to substitute for state forms (see *Related Federal/Hawaii Tax Forms* on page 3).
- Any other required attachments.

A return without the required schedules, forms, and attachments is incomplete. You must file a complete return on time to avoid paying penalties and interest for late filing.

If you need more space on forms or schedules, attach separate sheets and use the same arrangement as the printed forms. But show your totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Be sure to put your name and social security number on these separate sheets.

If you owe tax, be sure to attach your payment to the front of Form N-11 or N-12.

Reminders

Refund Processing

In general, refunds due to you are issued within 8 weeks from the date your

return is filed with the Department of Taxation. However, it may take additional time if you filed your return close to the April 20 filing deadline, if errors were made in completing your return, or you moved and did not change your address in writing with the district tax office with which you filed your return.

Please do not contact the Department regarding the status of your refund until at least 8 weeks have passed from the date your return was filed with the Department.

Penalties and Interest

Late Filing of Return. The law provides a penalty of 5% of the tax due for each month, or part of a month, the return is late (maximum 25%) unless you can show reasonable cause for the delay. If you file a return late, attach a full explanation to your return.

Extensions. If you cannot file your Hawaii tax return by April 20, 1996, file Form N-101A, *Application for Automatic Extension of Time to File Hawaii Individual Income Tax Return*, to receive an automatic four month extension. You should estimate the amount of tax you think will be due, and pay any tax you think you will owe. If you fail to pay at least 90% of your tax (or 100% of last year's tax, whichever is smaller) by April 20, your extension will be **voided**, and you will be assessed penalties and interest. If, after April 20, you find that your estimate of the tax due was too low, you should pay the additional tax as soon as possible to avoid further accumulation of penalties and interest. Pay any estimated additional tax with another Form N-101A.

Interest. Interest will be charged on taxes not paid by their due date, even if an extension of time to file is granted. The interest rate for not paying tax when due is 2/3 of 1% of the unpaid amount for each month or part of a month it remains unpaid.

Failure to pay tax after filing timely returns. If a return is timely filed and the tax due is not completely paid within 60 days of the due date of the return, an amount up to 20% of the unpaid tax will be added to the tax due.

Underpayment of estimated taxes. You may be subject to a penalty for not paying enough estimated tax if your tax payments, including withholding, do not total the smallest of:

- 1) 90% (66 2/3% for farmers and fishermen) of the 1995 tax liability;
- 2) 100% of the tax shown on the 1994 return (110% of that amount if the individual's adjusted gross income on that return is more than \$150,000, and less than 2/3 of gross income for 1994 or 1995 is from farming or fishing); or
- 3) 90% of the tax figured by annualizing the taxable income.

For more information, see Form N-210, Underpayment of Estimated Tax by Individuals and Fiduciaries.

Change of Address

If your mailing address changes after you file your return, you must notify the Department **in writing** of the change in addition to notifying the post office serving your former address. Failure to do so may prevent any refund due to you from being delivered (the U.S. Postal Service is not permitted to forward your State refund check), and delay important notices or correspondence to you regarding your return. Be sure to include your name(s) and social security number(s) as printed on your return in any correspondence with the Department.

How Long Should Records Be Kept?

Keep records of income, deductions, and credits shown on your tax return, as well as any worksheets you used, until the statute of limitations runs out for that return. Usually this is three years from the date the return was due or filed, or three years from the date the tax was paid, whichever is later. Also keep copies of your filed tax returns and any Forms W-2 or 1099 you received as part of your records. You should keep some records longer. For example, property records (including those on your home) should be kept as long as they are needed to figure the basis of the original or replacement property. For more details, see federal Publication 552, Recordkeeping for Individuals.

Amended Return

If you file your income tax return and later become aware of any changes

you must make to income, deductions, or credits, file Form N-188X, Amended Individual Income Tax Return, to change the Form N-11, N-12, Form N-13, or Form N-15 you already filed.

You may also file an amended return on Form N-11 or N-12, **if you have the form for the year you are amending**. (You cannot file a 1995 amended return on a 1996 Form N-11.) Write the word **"AMENDED"** in the upper left hand corner of the return, and fill in the return with all of the correct information.

If you **paid additional tax** with your original return, include that amount on the Other Credits line (Form N-11, line 46, or Form N-12, line 56). If you **claimed a refund** on your original return, subtract that amount from that line; if the line was blank on your original return, show the refund amount in parentheses.

You can get prior year forms from your local district tax office.

Change in Federal Taxable Income

In general, a change to your federal return, whether it is made by you (on federal Form 1040X) or by the Internal Revenue Service, must be reported to the State of Hawaii.

1) Section 235-101(b), HRS, requires a report to the Director of Taxation if

the amount of IRC taxable income is changed, corrected, adjusted or recomputed as stated in (3).

2) This report must be made:

a) Within 90 days after a change, correction, adjustment or recomputation is finally determined.

b) Within 90 days after an amended return is filed.

3) A report within the time set out in (2) is required if:

a) The amount of taxable income as returned to the United States is changed, corrected, or adjusted by an officer of the United States or other competent authority.

b) A change in taxable income results from a renegotiation of a contract with the United States or a subcontract thereunder.

c) A recomputation of the income tax imposed by the United States under the Internal Revenue Code results from any cause.

d) An amended income tax return is made to the United States.

4) The statutory period for the assessment of any deficiency or the determination of any refund attributable to the report shall not expire before the expiration of one year from the date the Department is notified by the taxpayer or the Internal Revenue Service, whichever is earlier, of such a report in writing.

Instructions for Schedule X — Tax Credits

Purpose

Use Schedule X to claim the food tax credit, credit for low-income household renters, the credit for child and dependent care expenses, and the medical services excise tax credit. **Most resident taxpayers qualify for at least one of these refundable credits. Even if you have no taxable income, you should complete and file Schedule X to claim these credits so they can be refunded to you.**

Warning: The food tax credit and the credit for low-income household renters **MUST** be claimed on or before the end of the twelfth month following the end of the taxable year. If you do not claim these credits within that period, the credits are **waived** and **cannot** be claimed later, even on an amended return.

Part I

Food Tax Credit

Note: Do not claim this credit if you are eligible to be or are being claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Qualified Exemptions

The food tax credit may be claimed for each resident individual who:

- Was a resident of Hawaii and was physically present in Hawaii for more than nine months during the taxable year;
- Is not claimed and is not eligible to be claimed as a dependent by any taxpayer for federal or Hawaii individual income tax purposes; and
- Was not confined in jail, prison, or a youth correctional facility for the full taxable year.

For Whom the Credit May Be Claimed

A taxpayer filing Form N-11, N-12, or N-13 may claim the credit for any of the following people who are "qualified exemptions" as defined above:

- The taxpayer's self;
- The taxpayer's spouse, if the spouse is filing jointly with the taxpayer;
- The taxpayer's dependents; and
- The taxpayer's minor children receiving support from the Department of Human Services of the State, social security survivor benefits, and the like.

Birth or Death of a Qualified Exemption

- A person who dies during the year may be a qualified exemption so long as the person was alive and physically present within the State for more than nine months. If a person who was continuously living in Hawaii died after September 30, 1995, that person could still be a qualified exemption.
- A child is born during 1995 could be a qualified exemption if the mother was physically present in the State while pregnant with the child and the total days of gestation and life after birth total more than nine months during the taxable year.

Line 1

Qualified Exemptions

On line 1, enter the names of all qualified exemptions. Start with yourself, enter your spouse's name if you are filing a joint return, and list your dependent children. List **only** persons who are qualified exemptions.

If married filing separately, only one spouse may claim the dependents.

Enter the number of qualified persons on line 1.

Line 2

Minor Children Receiving Public Support

On line 2, list your minor children who are also qualified exemptions, and who receive more than half of their support from the Department of Human Services, Social Security benefits, and other government payments. If you are married filing separately, only one spouse may claim each child. Enter the number of children here, and on the space provided beside Form N-11, line 39; Form N-12, line 49; or Form N-13, line 19d.

Line 3

Line 1 plus line 2.

Line 4

Amount of the Credit

Line 3 times \$27. This credit does not depend on adjusted gross income. Enter this amount on Form N-11, line 39; Form N-12, line 49; or Form N-13, line 19d.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Part II

Credit for Low-Income Household Renters

Each resident taxpayer who occupies and pays rent for real property within the State as his or her residence and who files an individual income tax return for the taxable year, including those who have no income or no income taxable under chapter 235, HRS, may claim a tax credit of \$50 per **qualified exemption**, including the additional exemption for taxpayers age 65 or over, provided the following four conditions are met:

- The taxpayer is not eligible to be claimed as a dependent for federal or State income tax purposes by another taxpayer;
- The taxpayer has adjusted gross income of less than \$30,000; and
- The taxpayer has paid more than \$1,000 in rent during the taxable year.
- The rented property is NOT partly or wholly exempt from real property tax

Note: Minor children receiving more than half of their support from the

State Department of Human Services, Social Security benefits, and the like, are **NOT** considered qualified exemptions for purposes of claiming this credit. A child listed in line 2 of Part I does **not** count toward this credit.

A “**residence**” is defined as the dwelling place that constitutes the principal residence of the taxpayer or his or her immediate family in this State.

“**Rent**” means the amount paid in cash in any taxable year for the occupancy of a residence. Rent does not include:

- Charges for utilities, parking stalls, storage of goods, yard services, furniture, furnishings, and the like;
- Rental claimed as a deduction from gross income or adjusted gross income for income tax purposes;
- Ground rental paid for use of land only; and
- Rental allowances or rental subsidies received (i.e. housing allowance received from the armed forces or the Hawaii Housing Authority.).

Line 1

Adjusted Gross Income

If the adjusted gross income shown on your return is more than \$30,000, **stop here**; you cannot take this credit.

Married filing separately. If you are married filing separately, you must add your spouse’s adjusted gross income to your own. If you are married filing separately and your spouse is a nonresident, you need to determine your spouse’s adjusted gross income from all sources, within and outside of Hawaii (for information on how to do this, see the first five lines of Worksheet A-7 on page 30), and add that amount to your own adjusted gross income. If the **total** is more than \$30,000, you cannot claim this credit.

Line 2

Resident for More Than Nine Months

If you are a part-year resident who has been in Hawaii for 9 months or less in 1995, **stop here**; you cannot take this credit.

Line 3

Dependent of Another Taxpayer

If you can be claimed as a dependent on another person’s return, **whether or not** that person claims you, **stop here**; you cannot take this credit.

Line 4

Your Addresses

List your most recent address first. Fill in all of the required information. If you lived in more than three locations during 1995, attach a separate sheet listing the same information for the other locations.

Do not list any location that was partly or wholly exempt from real property tax, such as:

- County or State low-income housing projects;
- Military housing; or
- Dormitories in schools or other nonprofit organizations.

Line 5

Rent You Paid

Enter the total amount of rent **you paid** during 1995 to all of the locations listed on line 4. If you are sharing or were sharing the rent with somebody else, list only your share of the rent here.

Line 6

Exclusions

Enter that portion of the amount on line 5 which:

- Is for ground rent, utilities, goods, or services;
- You claimed as a deduction anywhere on your tax return; or
- You were reimbursed, through a rental allowance or rental subsidy from any source.

Line 7

Line 5 minus line 6. If this amount is less than \$1,000, **stop here**; you cannot take this credit.

Line 8

Qualified Exemptions

- a Enter the number from Schedule X, Part I, line 1.....
- b If you are a qualified exemption and you are age 65 or over, enter 1. Otherwise, enter 0.....
- c If you are filing a joint return, your spouse is a qualified exemption, and your spouse is age 65 or over, enter 1. Otherwise, enter 0.....
- d Add lines a through c. Enter the result here and on line 8 of Schedule X, Part II

Line 9

Amount of the Credit

Line 8 times \$50. Enter this amount on Form N-11, line 40; Form N-12, line 50; or Form N-13, line 19e.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Part III

Credit for Child and Dependent Care Expenses

If you maintain a household that included a child under age 13 or a dependent or spouse incapable of self-care, you may be allowed this credit for expenses you paid during the taxable year to care for your dependent so you could work.

If you filed federal Form 2441 or Form 1040A, Schedule 2

If you filed either federal form, you are probably eligible for the Hawaii credit as well. Instead of filling out all of Part III, follow these steps:

- Fill in Section A, Care Provider Information. Be sure to include the care providers’ general excise tax license numbers in column (d).
- In Section B, line 4, enter the amount from line 11 of Form 2441 or Schedule 2. Then go to Section B, line 13.
- In Section B, line 13, enter the amount from line 20 of Form 2441 or Schedule 2.
 - If you are filing Form N-12 or N-13, include this amount on the wages line (line 7) of Form N-12 or N-13, and write “DCB” on the dotted line next to line 7.
 - If you are filing Form N-11, do not add this amount to Form N-11, line 10, because it is already included in your federal AGI.
 - Then go to Section C, line 21.
- In Section C, line 21, enter the amount from line 7 of Form 2441 or Schedule 2.
- Then go to Section C, lines 22, 23, and 24, to figure your credit.

Who May Claim the Credit

If you are a resident taxpayer who files an individual income tax return for a taxable year, you are not claimed or eligible to be claimed as a dependent on another taxpayer’s federal or Hawaii income tax return, and you maintain a household which includes one or more qualifying individuals (defined below), you may be allowed a credit against your income tax. The credit ranges from 15% to 25% of employment-related expenses (up to certain limitations) PAID during the taxable year in order to enable you to work either full or part time for an employer or as a self-employed individual.

Maintaining a Household

You will be treated as maintaining a household for any period only if you furnish over half the cost of maintaining the household for that period. If you are married during that time, you and your spouse must provide over half the maintenance cost for the period.

The expenses of maintaining a household include property taxes, mortgage interest, rent, utility charges, upkeep and repairs, property insurance, and food consumed on the premises. They do not include the cost of clothing, education, medical treatment, vacations, life insurance, and transportation.

Qualifying Person

A qualifying person is any one of the following persons:

- a. Any person under age 13 whom you claim as a dependent (but see special rule (4) below, Children of Divorced or Separated Parents).

- b. Your disabled spouse who is mentally or physically unable to care for himself or herself.
- c. Any disabled person who is mentally or physically unable to care for himself or herself and whom you claim as a dependent, or could claim as a dependent except that he or she had income of \$2,500 or more.

Employment-related Expenses

Employment-related expenses are those paid for the following, but only if paid to enable you to be gainfully employed:

(1) *Expenses for Household Services.* Expenses will be considered for household services in your home if they are for the ordinary and usual services necessary for the operation of the home, and bear some relationship to the qualifying individual. For example, payment for services of a domestic maid or cook ordinarily will be considered expenses for household services if performed at least partially for the benefit of the qualifying individual.

(2) *Expenses for the Care of a Qualifying Individual.* Expenses will be considered for the care of one or more qualifying individuals if their main purpose was to assure that individual's well-being and protection. Payments for food, clothing, or education are not such expenses. However, if the care provided includes expenses that cannot be separated, the full amount paid will be considered for the qualifying individual's care. Thus, the full amount paid to a nursery school will be considered for the care of a child even though the school also furnishes lunch. Educational expenses for a child in the first or higher-grade level are not expenses for the child's care.

You may NOT include any amount paid for services outside your household at a camp where the qualifying individual stays overnight.

Do not include services outside your household as employment-related expenses for your spouse or a dependent age 13 or older. However, services outside your household are employment-related expenses for a dependent who has not reached his or her 13th birthday or for an individual who regularly spends at least eight hours each day in your household.

You may include expenses incurred for qualified dependent care centers as employment-related expenses. The dependent care center must comply with all applicable laws, rules, and regulations of Hawaii if the center is located within Hawaii. If the center is located outside Hawaii, the center must comply with all applicable laws, rules, and regulations of the state or country in which the center is located. Furthermore, these centers must provide care for more than six individuals (other than individuals who reside at the center), and must receive a fee, payment, or grant providing services for any of the individuals (regardless of whether such center is operated for profit).

Note: *Payments made to the State of Hawaii A+ Program qualify for the credit.*

Medical Expenses

Some dependent care expenses may qualify as medical expenses. If you cannot use all the medical expenses to qualify for this credit because of the dollar limit or earned income limit (explained later), you can take the rest of these expenses as an itemized deduction for medical expenses. But if you deduct the medical expenses first on Worksheet A-1, you cannot use any part of these expenses on Schedule X.

Special Rules

(1) *Married Couples Must File Joint Returns.* If you are married at the end of the taxable year, the credit for employment-related expenses is allowable only if you and your spouse file a joint return for the taxable year.

(2) *Marital Status.* If you are legally separated from your spouse under a decree of divorce or separate maintenance, you are not considered married.

(3) *Certain Married Individuals Living Apart and Filing Separate Returns.* If during the last 6 months of the taxable year your spouse was not a member of your household and you (a) maintained a household which was for more than one-half of the taxable year the principal place of abode of a qualifying individual, and (b) furnished over half of the cost of maintaining such household during the taxable year, then you are not considered married for purposes of the credit or the exclusion.

(4) *Children of Divorced or Separated Parents.* If you were divorced, legally separated, or lived apart from your spouse during the last 6 months of 1995, you may be able to claim the credit even if your child is not your dependent. If your child is not your dependent, he or she is a qualifying person if all five of the following apply:

1. You had custody of the child for the longer period during the year;
2. The child received over half of his or her support from one or both of the parents;
3. The child was in the custody of one or both of the parents over half of the year;
4. The child was under age 13, or was physically or mentally unable to care for himself or herself; and
5. The child is not your dependent because:

- a. As the custodial parent, you signed federal Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents, or a similar statement, agreeing not to claim the child's exemption for 1995; or
- b. You were divorced or separated before 1985 and your divorce decree or written agreement states that the other parent can claim the child's exemption, and the other parent provides at least \$600 in child support during the year. Note: *This rule does not apply if your decree or agreement was changed after 1984 to specify that the other parent cannot claim the child's exemption.*

(5) *Payments to a Related Individual.* You can count work-related expenses you pay to relatives who are not your dependents, even if they live in your home. However, do not count any amounts you pay to:

1. A dependent for whom you (or your spouse if you are married) can claim an exemption, or
2. Your child who is under age 19 at the end of the year, even if he or she is not your dependent.

Line 1

Care Providers

Complete columns (a) through (e) for each person or organization that provided the care. If you do not give the information asked for in each column, or if the information you give is not correct, your credit and, if applicable, the exclusion of employer-provided dependent care benefits may be disallowed.

You can use **Form HW-16**, "Dependent Care Provider's Identification and Certification", to get the correct information from the care provider. (This form is available at your district tax office.) If the provider does not comply with your request to certify the information, complete the entries you can, such as the provider's name and address. Write "See attached" in the columns for which you do not have the provider's certification of information. Attach a statement that you requested the information from the care provider, but the provider did not comply with your request. You must keep records to show that you exercised due diligence in attempting to provide the required information. For more details, including what is considered "due diligence," see federal Publication 503.

Columns (a) and (b). Enter the care provider's name and address. If you were covered by your employer's dependent care plan and your employer furnished the care (either at your workplace or by hiring a care provider), enter your employer's name in column (a), write "See W-2" in column (b), and leave columns (c) through (e) blank. But if your employer paid a third party (not hired by your employer) on your behalf to provide the care, you must give information on the third party in columns (a) through (e).

Column (c). If the care provider is an individual, enter his or her social security number (SSN). For other than an individual, enter provider's federal employer identification number (FEIN). If the care provider is located outside Hawaii and does not have a taxpayer identification number, write "Located Outside Hawaii" in column (c).

Column (d). Enter the care provider's general excise tax license number. If the provider is a tax-exempt charitable organization (IRC section 501(c)(3)), enter "Tax-Exempt".

Column (e). Enter the total amount you **actually paid** during the taxable year to the care provider. Also include amounts your employer paid on your behalf to a third party. It does not matter when the expenses were incurred. Do not reduce this amount by any reimbursement you received.

Line 3

Number of Qualifying Persons

See the definition of Qualifying Person above.

Line 4

Qualified Expenses

On line 4, enter the amount of qualified child and dependent care expenses you incurred and actually paid in 1995, but do not enter more than \$2,400 for one qualifying person or \$4,800 for two or more persons. **Note:** *Do not include qualified expenses that you incurred in 1995 but did not pay until 1996. These expenses may be used to increase your credit in 1996.*

Employer-Paid Dependent Care Benefits. If you received dependent care benefits from an employer (you have a federal form W-2 that has an amount in Box 10), and:

- You are claiming the federal credit, see *If you filed federal Form 2441 or Form 1040A, Schedule 2* on page 36.
- You filled out federal Form 2441 or Form 1040A, Schedule 2, but it said you cannot take the credit, then you cannot take the Hawaii credit either.

- You are not filing a federal return, then enter the amount shown in Box 10 of your W-2 form(s).

Line 5

Amount Forfeited

If you participated in an employee plan in which the amount you contributed to an employer-paid dependent care benefit plan was deducted from your income, and you did not receive the full benefit from this plan, you may be entitled to deduct the amount forfeited on this line. (See your employer for the forfeited amount you are allowed to deduct.)

Line 9

Your Earned Income

In general, earned income is wages, salaries, tips, and other employee compensation. It also includes net earnings from self-employment. For more information, see the instructions to lines 19 and 20 below.

Line 10

Spouse's Earned Income

If your filing status is Married Filing Jointly, enter your spouse's earned income on this line.

If your filing status is Married Filing Separately, see *Certain Married Individuals Living Apart and Filing Separate Returns* discussed earlier. If you are considered unmarried under that rule, enter your earned income (from line 9) on this line; on line 12, enter the smaller of the amount from line 11 or \$5,000. If you are **not** considered unmarried under that rule, **STOP HERE**; you cannot take this credit unless you file a joint return.

If your spouse was a student or disabled in 1995, see *Spouse Who Is a Full-time Student or Is Disabled* discussed below. On line 12, enter the smaller of the amount from line 11 or \$2,500.

All other taxpayers should enter the amount on line 9.

Line 13

Taxable Benefits

Line 6 minus line 12. Also, include this amount on line 7 of Form N-12, Form N-13, or Form N-15. On the corresponding dotted line write "DCB". **However**, if you are filing Form N-11, this amount is included in your federal AGI, and no additional adjustment needs to be made.

Lines 19 and 20

Earned Income Limit

The amount of your qualified expenses **cannot** be more than your earned income or, if married filing a joint return, the smaller of your earned income or your spouse's earned income.

In general, earned income is wages, salaries, tips, and other employee compensation. It also includes net earnings from self-employment.

Unmarried taxpayers. If you are unmarried at the end of 1995 or are treated as being unmarried at the end of the year, enter your earned income on line 19.

Married Taxpayers. If you are married filing a joint return, figure each spouse's earned income separately and disregard community property laws. Enter your earned income on line 19 and your spouse's earned income on line 20.

Spouse Who Is a Full-time Student or Is Disabled. If your spouse was a full-time student or was mentally or physically unable to care for himself or herself, figure your spouse's earned income on a monthly basis to determine your spouse's earned income for the year. For each month that your spouse was disabled or a full-time student, your spouse is considered to have earned income of not less than \$200 a month (\$400 a month if more than one qualifying person was cared for in 1995). But if your spouse also worked during any month and earned more than that amount, use his or her actual earned income.

For any month that your spouse was not disabled or a full-time student, use your spouse's actual earned income if your spouse worked during the month.

If, in the same month, both you and your spouse were full-time students and did not work, you cannot use any amount paid that month to figure the credit. The same applies to a couple who did not work because neither was capable of self-care.

A full-time student is one who was enrolled in a school for the number of hours or classes that is considered full time. The student must have been enrolled at least 5 months during 1995.

Self-employment income. You must reduce your earned income by any loss from self-employment. If you only have a loss from self-employment, or your loss is more than your other earned income, you cannot take the credit.

Line 24

Amount of the Credit

If you had qualified expenses for 1994 that you did not pay until 1995, you may be able to increase the amount of credit you can take in 1995. To do this, multiply the 1994 expenses you paid in 1995 by the applicable percentage from the table on line 23 that applies to your 1994 adjusted gross income. Your 1994 expenses must be within the 1994 limits. Attach a computation showing how you figured the increase. If you can take a credit for your 1994 expenses, write "PYE" and the amount of the credit on the dotted line next to line 24. Enter the total amount of the credit on line 24. Also enter this amount on Form N-11, line 41; Form N-12, line 51; or Form N-13, line 19f.

Part IV

Medical Services Excise Tax Credit

A tax credit may be available to a:

- Resident individual taxpayer,
- Who paid nursing facilities expenses during 1995 that were subject to the 6% nursing facilities tax, and
- Who is not claimed or is not otherwise eligible to be claimed as a dependent by another taxpayer for Hawaii individual net income tax purposes.

Caution: *This credit cannot be claimed for expenses such as general doctor bills or hospital expenses where only the 4% tax was paid.*

"Nursing facility expenses" are amounts actually paid by the taxpayer for services provided to the taxpayer or to any dependent as defined on page 8, by a nursing facility licensed under section 321-9, HRS, and 321-11, HRS, and any intermediate care facility for mentally retarded persons under sections 321-9, HRS, and 321-11, HRS, provided that the nursing facility expense was subject to the imposition and payment of the nursing facilities tax.

Do not reduce the amount of nursing facility expenses paid during 1995 by any insurance reimbursements (including Medicare) made either to you or directly to a nursing facility.

Special Rule for Part-Year Residents: Nursing facility expenses include only expenses incurred while you were a resident. Note that amounts paid for nursing facilities outside Hawaii do not qualify because they were not subject to the Hawaii 6% nursing facilities tax.

Line 1

Care Provider(s)

Enter the name of the nursing facility or facilities.

Line 2

Nursing Facility Expenses

Enter the amount of the nursing facility expenses, as defined above.

Line 4

Amount of the Credit

Line 2 times line 3. Enter this amount on Form N-11, line 42; Form N-12, line 52; or Form N-13, line 19g.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

**1995
TAX TABLES
AND
TAX RATE SCHEDULES
FOR INDIVIDUALS**

**Tax Tables Must Be Used By Persons With
Taxable Income Of Less Than \$100,000**

1995 Hawaii Tax Table

Based on Taxable Income
For persons with taxable
incomes of less than
\$100,000

Example: Mr. & Mrs. Brown are filing a joint return. Their taxable income is \$23,270. First, they find the \$23,250 - 23,300 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is \$1,549. This is the tax amount they must write on the tax line of their return.

At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
23,200	23,250	1,860	1,545	1,695
23,250	23,300	1,865	1,549	1,700
23,300	23,350	1,870	1,553	1,705

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —			
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	
		Your tax is —					Your tax is —					Your tax is —			
0	25	0	0	0	2,500	2,550	72	51	61	5,000					
25	50	1	1	1	2,550	2,600	75	52	63	5,000	5,050	241	142	195	
50	100	2	2	2	2,600	2,650	78	53	66	5,050	5,100	244	145	198	
100	150	3	3	3	2,650	2,700	81	54	68	5,100	5,150	248	148	201	
150	200	4	4	4	2,700	2,750	84	55	70	5,150	5,200	251	151	204	
200	250	5	5	5	2,750	2,800	87	56	72	5,200	5,250	255	154	207	
250	300	6	6	6	2,800	2,850	90	57	75	5,250	5,300	259	157	210	
300	350	7	7	7	2,850	2,900	93	58	77	5,300	5,350	262	160	213	
350	400	8	8	8	2,900	2,950	96	59	79	5,350	5,400	266	163	216	
400	450	9	9	9	2,950	3,000	99	60	81	5,400	5,450	270	166	219	
450	500	10	10	10	3,000				5,450	5,500	273	169	222		
500	550	11	11	11	3,000	3,050	102	61	84	5,500	5,550	277	172	225	
550	600	12	12	12	3,050	3,100	105	63	86	5,550	5,600	281	175	228	
600	650	13	13	13	3,100	3,150	108	65	88	5,600	5,650	285	178	232	
650	700	14	14	14	3,150	3,200	111	67	90	5,650	5,700	289	181	236	
700	750	15	15	15	3,200	3,250	114	69	93	5,700	5,750	293	184	239	
750	800	16	16	16	3,250	3,300	117	71	95	5,750	5,800	297	187	243	
800	850	17	17	17	3,300	3,350	120	73	97	5,800	5,850	301	190	247	
850	900	18	18	18	3,350	3,400	123	75	99	5,850	5,900	305	193	250	
900	950	19	19	19	3,400	3,450	126	77	102	5,900	5,950	309	196	254	
950	1,000	20	20	20	3,450	3,500	129	79	104	5,950	6,000	313	199	257	
1,000					3,500	3,550	132	81	106	6,000					
1,000	1,050	21	21	21	3,550	3,600	135	83	109	6,000	6,050	317	202	261	
1,050	1,100	22	22	22	3,600	3,650	139	85	112	6,050	6,100	321	205	265	
1,100	1,150	23	23	23	3,650	3,700	143	87	115	6,100	6,150	325	208	268	
1,150	1,200	24	24	24	3,700	3,750	146	89	118	6,150	6,200	329	211	272	
1,200	1,250	25	25	25	3,750	3,800	150	91	121	6,200	6,250	333	214	276	
1,250	1,300	26	26	26	3,800	3,850	154	93	124	6,250	6,300	337	217	279	
1,300	1,350	27	27	27	3,850	3,900	157	95	127	6,300	6,350	341	220	283	
1,350	1,400	28	28	28	3,900	3,950	161	97	130	6,350	6,400	345	223	286	
1,400	1,450	29	29	29	3,950	4,000	164	99	133	6,400	6,450	349	226	290	
1,450	1,500	30	30	30	4,000				6,450	6,500	353	229	294		
1,500	1,550	31	31	31	4,000	4,050	168	101	136	6,500	6,550	357	232	297	
1,550	1,600	33	32	32	4,050	4,100	172	103	139	6,550	6,600	361	235	301	
1,600	1,650	35	33	34	4,100	4,150	175	105	142	6,600	6,650	365	238	305	
1,650	1,700	37	34	35	4,150	4,200	179	107	145	6,650	6,700	369	241	308	
1,700	1,750	39	35	37	4,200	4,250	183	109	148	6,700	6,750	373	244	312	
1,750	1,800	41	36	38	4,250	4,300	186	111	151	6,750	6,800	377	247	315	
1,800	1,850	43	37	40	4,300	4,350	190	113	154	6,800	6,850	381	250	319	
1,850	1,900	45	38	41	4,350	4,400	193	115	157	6,850	6,900	385	253	323	
1,900	1,950	47	39	43	4,400	4,450	197	117	160	6,900	6,950	389	256	326	
1,950	2,000	49	40	44	4,450	4,500	201	119	163	6,950	7,000	393	259	330	
2,000					4,500	4,550	204	121	165						
2,000	2,050	51	41	46	4,550	4,600	208	123	168						
2,050	2,100	53	42	47	4,600	4,650	212	125	171						
2,100	2,150	55	43	49	4,650	4,700	215	127	174						
2,150	2,200	57	44	50	4,700	4,750	219	129	177						
2,200	2,250	59	45	52					4,750	4,800	222	131	180		
2,250	2,300	61	46	53	4,800	4,850	226	133	183						
2,300	2,350	63	47	55	4,850	4,900	230	135	186						
2,350	2,400	65	48	56	4,900	4,950	233	137	189						
2,400	2,450	67	49	58	4,950	5,000	237	139	192						
2,450	2,500	69	50	59											

*This column must also be used by qualifying widow(er)

Continued on next page

1995 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
7,000					10,000					13,000				
7,000	7,050	397	262	334	10,000	10,050	637	479	551	13,000	13,050	896	712	796
7,050	7,100	401	265	337	10,050	10,100	641	483	555	13,050	13,100	900	716	800
7,100	7,150	405	269	341	10,100	10,150	645	487	558	13,100	13,150	905	720	805
7,150	7,200	409	273	344	10,150	10,200	649	490	562	13,150	13,200	909	724	809
7,200	7,250	413	276	348	10,200	10,250	653	494	566	13,200	13,250	913	728	813
7,250	7,300	417	280	352	10,250	10,300	657	497	569	13,250	13,300	918	732	817
7,300	7,350	421	284	355	10,300	10,350	661	501	573	13,300	13,350	922	736	822
7,350	7,400	425	287	359	10,350	10,400	665	505	576	13,350	13,400	927	740	826
7,400	7,450	429	291	363	10,400	10,450	669	508	580	13,400	13,450	931	744	830
7,450	7,500	433	294	366	10,450	10,500	673	512	584	13,450	13,500	935	748	835
7,500	7,550	437	298	370	10,500	10,550	677	516	587	13,500	13,550	940	752	839
7,550	7,600	441	302	373	10,550	10,600	682	519	591	13,550	13,600	944	756	843
7,600	7,650	445	305	377	10,600	10,650	686	523	595	13,600	13,650	948	760	848
7,650	7,700	449	309	381	10,650	10,700	690	526	598	13,650	13,700	953	764	852
7,700	7,750	453	313	384	10,700	10,750	695	530	602	13,700	13,750	957	768	856
7,750	7,800	457	316	388	10,750	10,800	699	534	605	13,750	13,800	962	772	860
7,800	7,850	461	320	392	10,800	10,850	703	537	609	13,800	13,850	966	776	865
7,850	7,900	465	323	395	10,850	10,900	708	541	613	13,850	13,900	970	780	869
7,900	7,950	469	327	399	10,900	10,950	712	545	616	13,900	13,950	975	784	873
7,950	8,000	473	331	402	10,950	11,000	717	548	620	13,950	14,000	979	788	878
8,000					11,000					14,000				
8,000	8,050	477	334	406	11,000	11,050	721	552	624	14,000	14,050	983	792	882
8,050	8,100	481	338	410	11,050	11,100	725	556	628	14,050	14,100	988	796	886
8,100	8,150	485	342	413	11,100	11,150	730	560	633	14,100	14,150	992	800	891
8,150	8,200	489	345	417	11,150	11,200	734	564	637	14,150	14,200	997	804	895
8,200	8,250	493	349	421	11,200	11,250	738	568	641	14,200	14,250	1,001	808	899
8,250	8,300	497	352	424	11,250	11,300	743	572	645	14,250	14,300	1,005	812	903
8,300	8,350	501	356	428	11,300	11,350	747	576	650	14,300	14,350	1,010	816	908
8,350	8,400	505	360	431	11,350	11,400	752	580	654	14,350	14,400	1,014	820	912
8,400	8,450	509	363	435	11,400	11,450	756	584	658	14,400	14,450	1,018	824	916
8,450	8,500	513	367	439	11,450	11,500	760	588	663	14,450	14,500	1,023	828	921
8,500	8,550	517	371	442	11,500	11,550	765	592	667	14,500	14,550	1,027	832	925
8,550	8,600	521	374	446	11,550	11,600	769	596	671	14,550	14,600	1,032	836	929
8,600	8,650	525	378	450	11,600	11,650	773	600	676	14,600	14,650	1,036	840	934
8,650	8,700	529	381	453	11,650	11,700	778	604	680	14,650	14,700	1,040	844	938
8,700	8,750	533	385	457	11,700	11,750	782	608	684	14,700	14,750	1,045	848	942
8,750	8,800	537	389	460	11,750	11,800	787	612	688	14,750	14,800	1,049	852	946
8,800	8,850	541	392	464	11,800	11,850	791	616	693	14,800	14,850	1,053	856	951
8,850	8,900	545	396	468	11,850	11,900	795	620	697	14,850	14,900	1,058	860	955
8,900	8,950	549	400	471	11,900	11,950	800	624	701	14,900	14,950	1,062	864	959
8,950	9,000	553	403	475	11,950	12,000	804	628	706	14,950	15,000	1,067	868	964
9,000					12,000					15,000				
9,000	9,050	557	407	479	12,000	12,050	808	632	710	15,000	15,050	1,071	872	968
9,050	9,100	561	410	482	12,050	12,100	813	636	714	15,050	15,100	1,075	876	972
9,100	9,150	565	414	486	12,100	12,150	817	640	719	15,100	15,150	1,080	880	977
9,150	9,200	569	418	489	12,150	12,200	822	644	723	15,150	15,200	1,084	884	981
9,200	9,250	573	421	493	12,200	12,250	826	648	727	15,200	15,250	1,088	888	985
9,250	9,300	577	425	497	12,250	12,300	830	652	731	15,250	15,300	1,093	892	989
9,300	9,350	581	429	500	12,300	12,350	835	656	736	15,300	15,350	1,097	896	994
9,350	9,400	585	432	504	12,350	12,400	839	660	740	15,350	15,400	1,102	900	998
9,400	9,450	589	436	508	12,400	12,450	843	664	744	15,400	15,450	1,106	904	1,002
9,450	9,500	593	439	511	12,450	12,500	848	668	749	15,450	15,500	1,110	908	1,007
9,500	9,550	597	443	515	12,500	12,550	852	672	753	15,500	15,550	1,115	912	1,011
9,550	9,600	601	447	518	12,550	12,600	857	676	757	15,550	15,600	1,120	916	1,015
9,600	9,650	605	450	522	12,600	12,650	861	680	762	15,600	15,650	1,124	920	1,020
9,650	9,700	609	454	526	12,650	12,700	865	684	766	15,650	15,700	1,129	924	1,024
9,700	9,750	613	458	529	12,700	12,750	870	688	770	15,700	15,750	1,134	928	1,028
9,750	9,800	617	461	533	12,750	12,800	874	692	774	15,750	15,800	1,139	932	1,032
9,800	9,850	621	465	537	12,800	12,850	878	696	779	15,800	15,850	1,143	936	1,037
9,850	9,900	625	468	540	12,850	12,900	883	700	783	15,850	15,900	1,148	940	1,041
9,900	9,950	629	472	544	12,900	12,950	887	704	787	15,900	15,950	1,153	944	1,045
9,950	10,000	633	476	547	12,950	13,000	892	708	792	15,950	16,000	1,158	948	1,050

*This column must also be used by qualifying widow(er)

Continued on next page

1995 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
16,000					19,000					22,000				
16,000	16,050	1,162	952	1,054	19,000	19,050	1,447	1,192	1,312	22,000	22,050	1,740	1,440	1,580
16,050	16,100	1,167	956	1,058	19,050	19,100	1,452	1,196	1,316	22,050	22,100	1,745	1,444	1,585
16,100	16,150	1,172	960	1,063	19,100	19,150	1,457	1,200	1,321	22,100	22,150	1,750	1,448	1,590
16,150	16,200	1,177	964	1,067	19,150	19,200	1,462	1,204	1,325	22,150	22,200	1,755	1,453	1,595
16,200	16,250	1,181	968	1,071	19,200	19,250	1,466	1,208	1,329	22,200	22,250	1,760	1,457	1,599
16,250	16,300	1,186	972	1,075	19,250	19,300	1,471	1,212	1,333	22,250	22,300	1,765	1,462	1,604
16,300	16,350	1,191	976	1,080	19,300	19,350	1,476	1,216	1,338	22,300	22,350	1,770	1,466	1,609
16,350	16,400	1,196	980	1,084	19,350	19,400	1,481	1,220	1,342	22,350	22,400	1,775	1,470	1,614
16,400	16,450	1,200	984	1,088	19,400	19,450	1,485	1,224	1,346	22,400	22,450	1,780	1,475	1,619
16,450	16,500	1,205	988	1,093	19,450	19,500	1,490	1,228	1,351	22,450	22,500	1,785	1,479	1,623
16,500	16,550	1,210	992	1,097	19,500	19,550	1,495	1,232	1,355	22,500	22,550	1,790	1,483	1,628
16,550	16,600	1,215	996	1,101	19,550	19,600	1,500	1,236	1,359	22,550	22,600	1,795	1,488	1,633
16,600	16,650	1,219	1,000	1,106	19,600	19,650	1,504	1,240	1,364	22,600	22,650	1,800	1,492	1,638
16,650	16,700	1,224	1,004	1,110	19,650	19,700	1,509	1,244	1,368	22,650	22,700	1,805	1,497	1,643
16,700	16,750	1,229	1,008	1,114	19,700	19,750	1,514	1,248	1,372	22,700	22,750	1,810	1,501	1,647
16,750	16,800	1,234	1,012	1,118	19,750	19,800	1,519	1,252	1,376	22,750	22,800	1,815	1,505	1,652
16,800	16,850	1,238	1,016	1,123	19,800	19,850	1,523	1,256	1,381	22,800	22,850	1,820	1,510	1,657
16,850	16,900	1,243	1,020	1,127	19,850	19,900	1,528	1,260	1,385	22,850	22,900	1,825	1,514	1,662
16,900	16,950	1,248	1,024	1,131	19,900	19,950	1,533	1,264	1,389	22,900	22,950	1,830	1,518	1,667
16,950	17,000	1,253	1,028	1,136	19,950	20,000	1,538	1,268	1,394	22,950	23,000	1,835	1,523	1,671
17,000					20,000					23,000				
17,000	17,050	1,257	1,032	1,140	20,000	20,050	1,542	1,272	1,398	23,000	23,050	1,840	1,527	1,676
17,050	17,100	1,262	1,036	1,144	20,050	20,100	1,547	1,276	1,402	23,050	23,100	1,845	1,532	1,681
17,100	17,150	1,267	1,040	1,149	20,100	20,150	1,552	1,280	1,407	23,100	23,150	1,850	1,536	1,686
17,150	17,200	1,272	1,044	1,153	20,150	20,200	1,557	1,284	1,411	23,150	23,200	1,855	1,540	1,691
17,200	17,250	1,276	1,048	1,157	20,200	20,250	1,561	1,288	1,415	23,200	23,250	1,860	1,545	1,695
17,250	17,300	1,281	1,052	1,161	20,250	20,300	1,566	1,292	1,419	23,250	23,300	1,865	1,549	1,700
17,300	17,350	1,286	1,056	1,166	20,300	20,350	1,571	1,296	1,424	23,300	23,350	1,870	1,553	1,705
17,350	17,400	1,291	1,060	1,170	20,350	20,400	1,576	1,300	1,428	23,350	23,400	1,875	1,558	1,710
17,400	17,450	1,295	1,064	1,174	20,400	20,450	1,580	1,304	1,432	23,400	23,450	1,880	1,562	1,715
17,450	17,500	1,300	1,068	1,179	20,450	20,500	1,585	1,308	1,437	23,450	23,500	1,885	1,567	1,719
17,500	17,550	1,305	1,072	1,183	20,500	20,550	1,590	1,312	1,441	23,500	23,550	1,890	1,571	1,724
17,550	17,600	1,310	1,076	1,187	20,550	20,600	1,595	1,316	1,445	23,550	23,600	1,895	1,575	1,729
17,600	17,650	1,314	1,080	1,192	20,600	20,650	1,600	1,320	1,450	23,600	23,650	1,900	1,580	1,734
17,650	17,700	1,319	1,084	1,196	20,650	20,700	1,605	1,324	1,454	23,650	23,700	1,905	1,584	1,739
17,700	17,750	1,324	1,088	1,200	20,700	20,750	1,610	1,328	1,458	23,700	23,750	1,910	1,588	1,743
17,750	17,800	1,329	1,092	1,204	20,750	20,800	1,615	1,332	1,462	23,750	23,800	1,915	1,593	1,748
17,800	17,850	1,333	1,096	1,209	20,800	20,850	1,620	1,336	1,467	23,800	23,850	1,920	1,597	1,753
17,850	17,900	1,338	1,100	1,213	20,850	20,900	1,625	1,340	1,471	23,850	23,900	1,925	1,602	1,758
17,900	17,950	1,343	1,104	1,217	20,900	20,950	1,630	1,344	1,475	23,900	23,950	1,930	1,606	1,763
17,950	18,000	1,348	1,108	1,222	20,950	21,000	1,635	1,348	1,480	23,950	24,000	1,935	1,610	1,767
18,000					21,000					24,000				
18,000	18,050	1,352	1,112	1,226	21,000	21,050	1,640	1,352	1,484	24,000	24,050	1,940	1,615	1,772
18,050	18,100	1,357	1,116	1,230	21,050	21,100	1,645	1,357	1,489	24,050	24,100	1,945	1,619	1,777
18,100	18,150	1,362	1,120	1,235	21,100	21,150	1,650	1,361	1,494	24,100	24,150	1,950	1,623	1,782
18,150	18,200	1,367	1,124	1,239	21,150	21,200	1,655	1,365	1,499	24,150	24,200	1,955	1,628	1,787
18,200	18,250	1,371	1,128	1,243	21,200	21,250	1,660	1,370	1,503	24,200	24,250	1,960	1,632	1,791
18,250	18,300	1,376	1,132	1,247	21,250	21,300	1,665	1,374	1,508	24,250	24,300	1,965	1,637	1,796
18,300	18,350	1,381	1,136	1,252	21,300	21,350	1,670	1,378	1,513	24,300	24,350	1,970	1,641	1,801
18,350	18,400	1,386	1,140	1,256	21,350	21,400	1,675	1,383	1,518	24,350	24,400	1,975	1,645	1,806
18,400	18,450	1,390	1,144	1,260	21,400	21,450	1,680	1,387	1,523	24,400	24,450	1,980	1,650	1,811
18,450	18,500	1,395	1,148	1,265	21,450	21,500	1,685	1,392	1,527	24,450	24,500	1,985	1,654	1,815
18,500	18,550	1,400	1,152	1,269	21,500	21,550	1,690	1,396	1,532	24,500	24,550	1,990	1,658	1,820
18,550	18,600	1,405	1,156	1,273	21,550	21,600	1,695	1,400	1,537	24,550	24,600	1,995	1,663	1,825
18,600	18,650	1,409	1,160	1,278	21,600	21,650	1,700	1,405	1,542	24,600	24,650	2,000	1,667	1,830
18,650	18,700	1,414	1,164	1,282	21,650	21,700	1,705	1,409	1,547	24,650	24,700	2,005	1,672	1,835
18,700	18,750	1,419	1,168	1,286	21,700	21,750	1,710	1,413	1,551	24,700	24,750	2,010	1,676	1,839
18,750	18,800	1,424	1,172	1,290	21,750	21,800	1,715	1,418	1,556	24,750	24,800	2,015	1,680	1,844
18,800	18,850	1,428	1,176	1,295	21,800	21,850	1,720	1,422	1,561	24,800	24,850	2,020	1,685	1,849
18,850	18,900	1,433	1,180	1,299	21,850	21,900	1,725	1,427	1,566	24,850	24,900	2,025	1,689	1,854
18,900	18,950	1,438	1,184	1,303	21,900	21,950	1,730	1,431	1,571	24,900	24,950	2,030	1,693	1,859
18,950	19,000	1,443	1,188	1,308	21,950	22,000	1,735	1,435	1,575	24,950	25,000	2,035	1,698	1,863

*This column must also be used by qualifying widow(er)

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1995 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
25,000					28,000					31,000				
25,000	25,050	2,040	1,702	1,868	28,000	28,050	2,340	1,965	2,156	31,000	31,050	2,640	2,227	2,444
25,050	25,100	2,045	1,707	1,873	28,050	28,100	2,345	1,969	2,161	31,050	31,100	2,645	2,232	2,449
25,100	25,150	2,050	1,711	1,878	28,100	28,150	2,350	1,973	2,166	31,100	31,150	2,650	2,237	2,454
25,150	25,200	2,055	1,715	1,883	28,150	28,200	2,355	1,978	2,171	31,150	31,200	2,655	2,242	2,459
25,200	25,250	2,060	1,720	1,887	28,200	28,250	2,360	1,982	2,175	31,200	31,250	2,660	2,246	2,463
25,250	25,300	2,065	1,724	1,892	28,250	28,300	2,365	1,987	2,180	31,250	31,300	2,665	2,251	2,468
25,300	25,350	2,070	1,728	1,897	28,300	28,350	2,370	1,991	2,185	31,300	31,350	2,670	2,256	2,473
25,350	25,400	2,075	1,733	1,902	28,350	28,400	2,375	1,995	2,190	31,350	31,400	2,675	2,261	2,478
25,400	25,450	2,080	1,737	1,907	28,400	28,450	2,380	2,000	2,195	31,400	31,450	2,680	2,265	2,483
25,450	25,500	2,085	1,742	1,911	28,450	28,500	2,385	2,004	2,199	31,450	31,500	2,685	2,270	2,487
25,500	25,550	2,090	1,746	1,916	28,500	28,550	2,390	2,008	2,204	31,500	31,550	2,690	2,275	2,492
25,550	25,600	2,095	1,750	1,921	28,550	28,600	2,395	2,013	2,209	31,550	31,600	2,695	2,280	2,497
25,600	25,650	2,100	1,755	1,926	28,600	28,650	2,400	2,017	2,214	31,600	31,650	2,700	2,284	2,502
25,650	25,700	2,105	1,759	1,931	28,650	28,700	2,405	2,022	2,219	31,650	31,700	2,705	2,289	2,507
25,700	25,750	2,110	1,763	1,935	28,700	28,750	2,410	2,026	2,223	31,700	31,750	2,710	2,294	2,511
25,750	25,800	2,115	1,768	1,940	28,750	28,800	2,415	2,030	2,228	31,750	31,800	2,715	2,299	2,516
25,800	25,850	2,120	1,772	1,945	28,800	28,850	2,420	2,035	2,233	31,800	31,850	2,720	2,303	2,521
25,850	25,900	2,125	1,777	1,950	28,850	28,900	2,425	2,039	2,238	31,850	31,900	2,725	2,308	2,526
25,900	25,950	2,130	1,781	1,955	28,900	28,950	2,430	2,043	2,243	31,900	31,950	2,730	2,313	2,531
25,950	26,000	2,135	1,785	1,959	28,950	29,000	2,435	2,048	2,247	31,950	32,000	2,735	2,318	2,535
26,000					29,000					32,000				
26,000	26,050	2,140	1,790	1,964	29,000	29,050	2,440	2,052	2,252	32,000	32,050	2,740	2,322	2,540
26,050	26,100	2,145	1,794	1,969	29,050	29,100	2,445	2,057	2,257	32,050	32,100	2,745	2,327	2,545
26,100	26,150	2,150	1,798	1,974	29,100	29,150	2,450	2,061	2,262	32,100	32,150	2,750	2,332	2,550
26,150	26,200	2,155	1,803	1,979	29,150	29,200	2,455	2,065	2,267	32,150	32,200	2,755	2,337	2,555
26,200	26,250	2,160	1,807	1,983	29,200	29,250	2,460	2,070	2,271	32,200	32,250	2,760	2,341	2,559
26,250	26,300	2,165	1,812	1,988	29,250	29,300	2,465	2,074	2,276	32,250	32,300	2,765	2,346	2,564
26,300	26,350	2,170	1,816	1,993	29,300	29,350	2,470	2,078	2,281	32,300	32,350	2,770	2,351	2,569
26,350	26,400	2,175	1,820	1,998	29,350	29,400	2,475	2,083	2,286	32,350	32,400	2,775	2,356	2,574
26,400	26,450	2,180	1,825	2,003	29,400	29,450	2,480	2,087	2,291	32,400	32,450	2,780	2,360	2,579
26,450	26,500	2,185	1,829	2,007	29,450	29,500	2,485	2,092	2,295	32,450	32,500	2,785	2,365	2,583
26,500	26,550	2,190	1,833	2,012	29,500	29,550	2,490	2,096	2,300	32,500	32,550	2,790	2,370	2,588
26,550	26,600	2,195	1,838	2,017	29,550	29,600	2,495	2,100	2,305	32,550	32,600	2,795	2,375	2,593
26,600	26,650	2,200	1,842	2,022	29,600	29,650	2,500	2,105	2,310	32,600	32,650	2,800	2,379	2,598
26,650	26,700	2,205	1,847	2,027	29,650	29,700	2,505	2,109	2,315	32,650	32,700	2,805	2,384	2,603
26,700	26,750	2,210	1,851	2,031	29,700	29,750	2,510	2,113	2,319	32,700	32,750	2,810	2,389	2,607
26,750	26,800	2,215	1,855	2,036	29,750	29,800	2,515	2,118	2,324	32,750	32,800	2,815	2,394	2,612
26,800	26,850	2,220	1,860	2,041	29,800	29,850	2,520	2,122	2,329	32,800	32,850	2,820	2,398	2,617
26,850	26,900	2,225	1,864	2,046	29,850	29,900	2,525	2,127	2,334	32,850	32,900	2,825	2,403	2,622
26,900	26,950	2,230	1,868	2,051	29,900	29,950	2,530	2,131	2,339	32,900	32,950	2,830	2,408	2,627
26,950	27,000	2,235	1,873	2,055	29,950	30,000	2,535	2,135	2,343	32,950	33,000	2,835	2,413	2,631
27,000					30,000					33,000				
27,000	27,050	2,240	1,877	2,060	30,000	30,050	2,540	2,140	2,348	33,000	33,050	2,840	2,417	2,636
27,050	27,100	2,245	1,882	2,065	30,050	30,100	2,545	2,144	2,353	33,050	33,100	2,845	2,422	2,641
27,100	27,150	2,250	1,886	2,070	30,100	30,150	2,550	2,148	2,358	33,100	33,150	2,850	2,427	2,646
27,150	27,200	2,255	1,890	2,075	30,150	30,200	2,555	2,153	2,363	33,150	33,200	2,855	2,432	2,651
27,200	27,250	2,260	1,895	2,079	30,200	30,250	2,560	2,157	2,367	33,200	33,250	2,860	2,436	2,655
27,250	27,300	2,265	1,899	2,084	30,250	30,300	2,565	2,162	2,372	33,250	33,300	2,865	2,441	2,660
27,300	27,350	2,270	1,903	2,089	30,300	30,350	2,570	2,166	2,377	33,300	33,350	2,870	2,446	2,665
27,350	27,400	2,275	1,908	2,094	30,350	30,400	2,575	2,170	2,382	33,350	33,400	2,875	2,451	2,670
27,400	27,450	2,280	1,912	2,099	30,400	30,450	2,580	2,175	2,387	33,400	33,450	2,880	2,455	2,675
27,450	27,500	2,285	1,917	2,103	30,450	30,500	2,585	2,179	2,391	33,450	33,500	2,885	2,460	2,679
27,500	27,550	2,290	1,921	2,108	30,500	30,550	2,590	2,183	2,396	33,500	33,550	2,890	2,465	2,684
27,550	27,600	2,295	1,925	2,113	30,550	30,600	2,595	2,188	2,401	33,550	33,600	2,895	2,470	2,689
27,600	27,650	2,300	1,930	2,118	30,600	30,650	2,600	2,192	2,406	33,600	33,650	2,900	2,474	2,694
27,650	27,700	2,305	1,934	2,123	30,650	30,700	2,605	2,197	2,411	33,650	33,700	2,905	2,479	2,699
27,700	27,750	2,310	1,938	2,127	30,700	30,750	2,610	2,201	2,415	33,700	33,750	2,910	2,484	2,703
27,750	27,800	2,315	1,943	2,132	30,750	30,800	2,615	2,205	2,420	33,750	33,800	2,915	2,489	2,708
27,800	27,850	2,320	1,947	2,137	30,800	30,850	2,620	2,210	2,425	33,800	33,850	2,920	2,493	2,713
27,850	27,900	2,325	1,952	2,142	30,850	30,900	2,625	2,214	2,430	33,850	33,900	2,925	2,498	2,718
27,900	27,950	2,330	1,956	2,147	30,900	30,950	2,630	2,218	2,435	33,900	33,950	2,930	2,503	2,723
27,950	28,000	2,335	1,960	2,151	30,950	31,000	2,635	2,223	2,439	33,950	34,000	2,935	2,508	2,727

*This column must also be used by qualifying widow(er)

Continued on next page

1995 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
34,000					37,000					40,000				
34,000	34,050	2,940	2,512	2,732	37,000	37,050	3,240	2,797	3,020	40,000	40,050	3,540	3,082	3,308
34,050	34,100	2,945	2,517	2,737	37,050	37,100	3,245	2,802	3,025	40,050	40,100	3,545	3,087	3,313
34,100	34,150	2,950	2,522	2,742	37,100	37,150	3,250	2,807	3,030	40,100	40,150	3,550	3,092	3,318
34,150	34,200	2,955	2,527	2,747	37,150	37,200	3,255	2,812	3,035	40,150	40,200	3,555	3,097	3,323
34,200	34,250	2,960	2,531	2,751	37,200	37,250	3,260	2,816	3,039	40,200	40,250	3,560	3,101	3,327
34,250	34,300	2,965	2,536	2,756	37,250	37,300	3,265	2,821	3,044	40,250	40,300	3,565	3,106	3,332
34,300	34,350	2,970	2,541	2,761	37,300	37,350	3,270	2,826	3,049	40,300	40,350	3,570	3,111	3,337
34,350	34,400	2,975	2,546	2,766	37,350	37,400	3,275	2,831	3,054	40,350	40,400	3,575	3,116	3,342
34,400	34,450	2,980	2,550	2,771	37,400	37,450	3,280	2,835	3,059	40,400	40,450	3,580	3,120	3,347
34,450	34,500	2,985	2,555	2,775	37,450	37,500	3,285	2,840	3,063	40,450	40,500	3,585	3,125	3,351
34,500	34,550	2,990	2,560	2,780	37,500	37,550	3,290	2,845	3,068	40,500	40,550	3,590	3,130	3,356
34,550	34,600	2,995	2,565	2,785	37,550	37,600	3,295	2,850	3,073	40,550	40,600	3,595	3,135	3,361
34,600	34,650	3,000	2,569	2,790	37,600	37,650	3,300	2,854	3,078	40,600	40,650	3,600	3,139	3,366
34,650	34,700	3,005	2,574	2,795	37,650	37,700	3,305	2,859	3,083	40,650	40,700	3,605	3,144	3,371
34,700	34,750	3,010	2,579	2,799	37,700	37,750	3,310	2,864	3,087	40,700	40,750	3,610	3,149	3,375
34,750	34,800	3,015	2,584	2,804	37,750	37,800	3,315	2,869	3,092	40,750	40,800	3,615	3,154	3,380
34,800	34,850	3,020	2,588	2,809	37,800	37,850	3,320	2,873	3,097	40,800	40,850	3,620	3,158	3,385
34,850	34,900	3,025	2,593	2,814	37,850	37,900	3,325	2,878	3,102	40,850	40,900	3,625	3,163	3,390
34,900	34,950	3,030	2,598	2,819	37,900	37,950	3,330	2,883	3,107	40,900	40,950	3,630	3,168	3,395
34,950	35,000	3,035	2,603	2,823	37,950	38,000	3,335	2,888	3,111	40,950	41,000	3,635	3,173	3,399
35,000					38,000					41,000				
35,000	35,050	3,040	2,607	2,828	38,000	38,050	3,340	2,892	3,116	41,000	41,050	3,640	3,178	3,404
35,050	35,100	3,045	2,612	2,833	38,050	38,100	3,345	2,897	3,121	41,050	41,100	3,645	3,183	3,409
35,100	35,150	3,050	2,617	2,838	38,100	38,150	3,350	2,902	3,126	41,100	41,150	3,650	3,188	3,414
35,150	35,200	3,055	2,622	2,843	38,150	38,200	3,355	2,907	3,131	41,150	41,200	3,655	3,193	3,419
35,200	35,250	3,060	2,626	2,847	38,200	38,250	3,360	2,911	3,135	41,200	41,250	3,660	3,198	3,424
35,250	35,300	3,065	2,631	2,852	38,250	38,300	3,365	2,916	3,140	41,250	41,300	3,665	3,203	3,429
35,300	35,350	3,070	2,636	2,857	38,300	38,350	3,370	2,921	3,145	41,300	41,350	3,670	3,208	3,434
35,350	35,400	3,075	2,641	2,862	38,350	38,400	3,375	2,926	3,150	41,350	41,400	3,675	3,213	3,439
35,400	35,450	3,080	2,645	2,867	38,400	38,450	3,380	2,930	3,155	41,400	41,450	3,680	3,218	3,444
35,450	35,500	3,085	2,650	2,871	38,450	38,500	3,385	2,935	3,159	41,450	41,500	3,685	3,223	3,449
35,500	35,550	3,090	2,655	2,876	38,500	38,550	3,390	2,940	3,164	41,500	41,550	3,690	3,228	3,454
35,550	35,600	3,095	2,660	2,881	38,550	38,600	3,395	2,945	3,169	41,550	41,600	3,695	3,233	3,459
35,600	35,650	3,100	2,664	2,886	38,600	38,650	3,400	2,949	3,174	41,600	41,650	3,700	3,238	3,464
35,650	35,700	3,105	2,669	2,891	38,650	38,700	3,405	2,954	3,179	41,650	41,700	3,705	3,243	3,469
35,700	35,750	3,110	2,674	2,895	38,700	38,750	3,410	2,959	3,183	41,700	41,750	3,710	3,248	3,474
35,750	35,800	3,115	2,679	2,900	38,750	38,800	3,415	2,964	3,188	41,750	41,800	3,715	3,253	3,479
35,800	35,850	3,120	2,683	2,905	38,800	38,850	3,420	2,968	3,193	41,800	41,850	3,720	3,258	3,484
35,850	35,900	3,125	2,688	2,910	38,850	38,900	3,425	2,973	3,198	41,850	41,900	3,725	3,263	3,489
35,900	35,950	3,130	2,693	2,915	38,900	38,950	3,430	2,978	3,203	41,900	41,950	3,730	3,268	3,494
35,950	36,000	3,135	2,698	2,919	38,950	39,000	3,435	2,983	3,207	41,950	42,000	3,735	3,273	3,499
36,000					39,000					42,000				
36,000	36,050	3,140	2,702	2,924	39,000	39,050	3,440	2,987	3,212	42,000	42,050	3,740	3,278	3,504
36,050	36,100	3,145	2,707	2,929	39,050	39,100	3,445	2,992	3,217	42,050	42,100	3,745	3,283	3,509
36,100	36,150	3,150	2,712	2,934	39,100	39,150	3,450	2,997	3,222	42,100	42,150	3,750	3,288	3,514
36,150	36,200	3,155	2,717	2,939	39,150	39,200	3,455	3,002	3,227	42,150	42,200	3,755	3,293	3,519
36,200	36,250	3,160	2,721	2,943	39,200	39,250	3,460	3,006	3,231	42,200	42,250	3,760	3,298	3,524
36,250	36,300	3,165	2,726	2,948	39,250	39,300	3,465	3,011	3,236	42,250	42,300	3,765	3,303	3,529
36,300	36,350	3,170	2,731	2,953	39,300	39,350	3,470	3,016	3,241	42,300	42,350	3,770	3,308	3,534
36,350	36,400	3,175	2,736	2,958	39,350	39,400	3,475	3,021	3,246	42,350	42,400	3,775	3,313	3,539
36,400	36,450	3,180	2,740	2,963	39,400	39,450	3,480	3,025	3,251	42,400	42,450	3,780	3,318	3,544
36,450	36,500	3,185	2,745	2,967	39,450	39,500	3,485	3,030	3,255	42,450	42,500	3,785	3,323	3,549
36,500	36,550	3,190	2,750	2,972	39,500	39,550	3,490	3,035	3,260	42,500	42,550	3,790	3,328	3,554
36,550	36,600	3,195	2,755	2,977	39,550	39,600	3,495	3,040	3,265	42,550	42,600	3,795	3,333	3,559
36,600	36,650	3,200	2,759	2,982	39,600	39,650	3,500	3,044	3,270	42,600	42,650	3,800	3,338	3,564
36,650	36,700	3,205	2,764	2,987	39,650	39,700	3,505	3,049	3,275	42,650	42,700	3,805	3,343	3,569
36,700	36,750	3,210	2,769	2,991	39,700	39,750	3,510	3,054	3,279	42,700	42,750	3,810	3,348	3,574
36,750	36,800	3,215	2,774	2,996	39,750	39,800	3,515	3,059	3,284	42,750	42,800	3,815	3,353	3,579
36,800	36,850	3,220	2,778	3,001	39,800	39,850	3,520	3,063	3,289	42,800	42,850	3,820	3,358	3,584
36,850	36,900	3,225	2,783	3,006	39,850	39,900	3,525	3,068	3,294	42,850	42,900	3,825	3,363	3,589
36,900	36,950	3,230	2,788	3,011	39,900	39,950	3,530	3,073	3,299	42,900	42,950	3,830	3,368	3,594
36,950	37,000	3,235	2,793	3,015	39,950	40,000	3,535	3,078	3,303	42,950	43,000	3,835	3,373	3,599

*This column must also be used by qualifying widow(er)

Continued on next page

1995 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
43,000					46,000					49,000				
43,000	43,050	3,840	3,378	3,604	46,000	46,050	4,140	3,678	3,904	49,000	49,050	4,440	3,978	4,204
43,050	43,100	3,845	3,383	3,609	46,050	46,100	4,145	3,683	3,909	49,050	49,100	4,445	3,983	4,209
43,100	43,150	3,850	3,388	3,614	46,100	46,150	4,150	3,688	3,914	49,100	49,150	4,450	3,988	4,214
43,150	43,200	3,855	3,393	3,619	46,150	46,200	4,155	3,693	3,919	49,150	49,200	4,455	3,993	4,219
43,200	43,250	3,860	3,398	3,624	46,200	46,250	4,160	3,698	3,924	49,200	49,250	4,460	3,998	4,224
43,250	43,300	3,865	3,403	3,629	46,250	46,300	4,165	3,703	3,929	49,250	49,300	4,465	4,003	4,229
43,300	43,350	3,870	3,408	3,634	46,300	46,350	4,170	3,708	3,934	49,300	49,350	4,470	4,008	4,234
43,350	43,400	3,875	3,413	3,639	46,350	46,400	4,175	3,713	3,939	49,350	49,400	4,475	4,013	4,239
43,400	43,450	3,880	3,418	3,644	46,400	46,450	4,180	3,718	3,944	49,400	49,450	4,480	4,018	4,244
43,450	43,500	3,885	3,423	3,649	46,450	46,500	4,185	3,723	3,949	49,450	49,500	4,485	4,023	4,249
43,500	43,550	3,890	3,428	3,654	46,500	46,550	4,190	3,728	3,954	49,500	49,550	4,490	4,028	4,254
43,550	43,600	3,895	3,433	3,659	46,550	46,600	4,195	3,733	3,959	49,550	49,600	4,495	4,033	4,259
43,600	43,650	3,900	3,438	3,664	46,600	46,650	4,200	3,738	3,964	49,600	49,650	4,500	4,038	4,264
43,650	43,700	3,905	3,443	3,669	46,650	46,700	4,205	3,743	3,969	49,650	49,700	4,505	4,043	4,269
43,700	43,750	3,910	3,448	3,674	46,700	46,750	4,210	3,748	3,974	49,700	49,750	4,510	4,048	4,274
43,750	43,800	3,915	3,453	3,679	46,750	46,800	4,215	3,753	3,979	49,750	49,800	4,515	4,053	4,279
43,800	43,850	3,920	3,458	3,684	46,800	46,850	4,220	3,758	3,984	49,800	49,850	4,520	4,058	4,284
43,850	43,900	3,925	3,463	3,689	46,850	46,900	4,225	3,763	3,989	49,850	49,900	4,525	4,063	4,289
43,900	43,950	3,930	3,468	3,694	46,900	46,950	4,230	3,768	3,994	49,900	49,950	4,530	4,068	4,294
43,950	44,000	3,935	3,473	3,699	46,950	47,000	4,235	3,773	3,999	49,950	50,000	4,535	4,073	4,299
44,000					47,000					50,000				
44,000	44,050	3,940	3,478	3,704	47,000	47,050	4,240	3,778	4,004	50,000	50,050	4,540	4,078	4,304
44,050	44,100	3,945	3,483	3,709	47,050	47,100	4,245	3,783	4,009	50,050	50,100	4,545	4,083	4,309
44,100	44,150	3,950	3,488	3,714	47,100	47,150	4,250	3,788	4,014	50,100	50,150	4,550	4,088	4,314
44,150	44,200	3,955	3,493	3,719	47,150	47,200	4,255	3,793	4,019	50,150	50,200	4,555	4,093	4,319
44,200	44,250	3,960	3,498	3,724	47,200	47,250	4,260	3,798	4,024	50,200	50,250	4,560	4,098	4,324
44,250	44,300	3,965	3,503	3,729	47,250	47,300	4,265	3,803	4,029	50,250	50,300	4,565	4,103	4,329
44,300	44,350	3,970	3,508	3,734	47,300	47,350	4,270	3,808	4,034	50,300	50,350	4,570	4,108	4,334
44,350	44,400	3,975	3,513	3,739	47,350	47,400	4,275	3,813	4,039	50,350	50,400	4,575	4,113	4,339
44,400	44,450	3,980	3,518	3,744	47,400	47,450	4,280	3,818	4,044	50,400	50,450	4,580	4,118	4,344
44,450	44,500	3,985	3,523	3,749	47,450	47,500	4,285	3,823	4,049	50,450	50,500	4,585	4,123	4,349
44,500	44,550	3,990	3,528	3,754	47,500	47,550	4,290	3,828	4,054	50,500	50,550	4,590	4,128	4,354
44,550	44,600	3,995	3,533	3,759	47,550	47,600	4,295	3,833	4,059	50,550	50,600	4,595	4,133	4,359
44,600	44,650	4,000	3,538	3,764	47,600	47,650	4,300	3,838	4,064	50,600	50,650	4,600	4,138	4,364
44,650	44,700	4,005	3,543	3,769	47,650	47,700	4,305	3,843	4,069	50,650	50,700	4,605	4,143	4,369
44,700	44,750	4,010	3,548	3,774	47,700	47,750	4,310	3,848	4,074	50,700	50,750	4,610	4,148	4,374
44,750	44,800	4,015	3,553	3,779	47,750	47,800	4,315	3,853	4,079	50,750	50,800	4,615	4,153	4,379
44,800	44,850	4,020	3,558	3,784	47,800	47,850	4,320	3,858	4,084	50,800	50,850	4,620	4,158	4,384
44,850	44,900	4,025	3,563	3,789	47,850	47,900	4,325	3,863	4,089	50,850	50,900	4,625	4,163	4,389
44,900	44,950	4,030	3,568	3,794	47,900	47,950	4,330	3,868	4,094	50,900	50,950	4,630	4,168	4,394
44,950	45,000	4,035	3,573	3,799	47,950	48,000	4,335	3,873	4,099	50,950	51,000	4,635	4,173	4,399
45,000					48,000					51,000				
45,000	45,050	4,040	3,578	3,804	48,000	48,050	4,340	3,878	4,104	51,000	51,050	4,640	4,178	4,404
45,050	45,100	4,045	3,583	3,809	48,050	48,100	4,345	3,883	4,109	51,050	51,100	4,645	4,183	4,409
45,100	45,150	4,050	3,588	3,814	48,100	48,150	4,350	3,888	4,114	51,100	51,150	4,650	4,188	4,414
45,150	45,200	4,055	3,593	3,819	48,150	48,200	4,355	3,893	4,119	51,150	51,200	4,655	4,193	4,419
45,200	45,250	4,060	3,598	3,824	48,200	48,250	4,360	3,898	4,124	51,200	51,250	4,660	4,198	4,424
45,250	45,300	4,065	3,603	3,829	48,250	48,300	4,365	3,903	4,129	51,250	51,300	4,665	4,203	4,429
45,300	45,350	4,070	3,608	3,834	48,300	48,350	4,370	3,908	4,134	51,300	51,350	4,670	4,208	4,434
45,350	45,400	4,075	3,613	3,839	48,350	48,400	4,375	3,913	4,139	51,350	51,400	4,675	4,213	4,439
45,400	45,450	4,080	3,618	3,844	48,400	48,450	4,380	3,918	4,144	51,400	51,450	4,680	4,218	4,444
45,450	45,500	4,085	3,623	3,849	48,450	48,500	4,385	3,923	4,149	51,450	51,500	4,685	4,223	4,449
45,500	45,550	4,090	3,628	3,854	48,500	48,550	4,390	3,928	4,154	51,500	51,550	4,690	4,228	4,454
45,550	45,600	4,095	3,633	3,859	48,550	48,600	4,395	3,933	4,159	51,550	51,600	4,695	4,233	4,459
45,600	45,650	4,100	3,638	3,864	48,600	48,650	4,400	3,938	4,164	51,600	51,650	4,700	4,238	4,464
45,650	45,700	4,105	3,643	3,869	48,650	48,700	4,405	3,943	4,169	51,650	51,700	4,705	4,243	4,469
45,700	45,750	4,110	3,648	3,874	48,700	48,750	4,410	3,948	4,174	51,700	51,750	4,710	4,248	4,474
45,750	45,800	4,115	3,653	3,879	48,750	48,800	4,415	3,953	4,179	51,750	51,800	4,715	4,253	4,479
45,800	45,850	4,120	3,658	3,884	48,800	48,850	4,420	3,958	4,184	51,800	51,850	4,720	4,258	4,484
45,850	45,900	4,125	3,663	3,889	48,850	48,900	4,425	3,963	4,189	51,850	51,900	4,725	4,263	4,489
45,900	45,950	4,130	3,668	3,894	48,900	48,950	4,430	3,968	4,194	51,900	51,950	4,730	4,268	4,494
45,950	46,000	4,135	3,673	3,899	48,950	49,000	4,435	3,973	4,199	51,950	52,000	4,735	4,273	4,499

*This column must also be used by qualifying widow(er)

Continued on next page

1995 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
52,000					55,000					58,000				
52,000	52,050	4,740	4,278	4,504	55,000	55,050	5,040	4,578	4,804	58,000	58,050	5,340	4,878	5,104
52,050	52,100	4,745	4,283	4,509	55,050	55,100	5,045	4,583	4,809	58,050	58,100	5,345	4,883	5,109
52,100	52,150	4,750	4,288	4,514	55,100	55,150	5,050	4,588	4,814	58,100	58,150	5,350	4,888	5,114
52,150	52,200	4,755	4,293	4,519	55,150	55,200	5,055	4,593	4,819	58,150	58,200	5,355	4,893	5,119
52,200	52,250	4,760	4,298	4,524	55,200	55,250	5,060	4,598	4,824	58,200	58,250	5,360	4,898	5,124
52,250	52,300	4,765	4,303	4,529	55,250	55,300	5,065	4,603	4,829	58,250	58,300	5,365	4,903	5,129
52,300	52,350	4,770	4,308	4,534	55,300	55,350	5,070	4,608	4,834	58,300	58,350	5,370	4,908	5,134
52,350	52,400	4,775	4,313	4,539	55,350	55,400	5,075	4,613	4,839	58,350	58,400	5,375	4,913	5,139
52,400	52,450	4,780	4,318	4,544	55,400	55,450	5,080	4,618	4,844	58,400	58,450	5,380	4,918	5,144
52,450	52,500	4,785	4,323	4,549	55,450	55,500	5,085	4,623	4,849	58,450	58,500	5,385	4,923	5,149
52,500	52,550	4,790	4,328	4,554	55,500	55,550	5,090	4,628	4,854	58,500	58,550	5,390	4,928	5,154
52,550	52,600	4,795	4,333	4,559	55,550	55,600	5,095	4,633	4,859	58,550	58,600	5,395	4,933	5,159
52,600	52,650	4,800	4,338	4,564	55,600	55,650	5,100	4,638	4,864	58,600	58,650	5,400	4,938	5,164
52,650	52,700	4,805	4,343	4,569	55,650	55,700	5,105	4,643	4,869	58,650	58,700	5,405	4,943	5,169
52,700	52,750	4,810	4,348	4,574	55,700	55,750	5,110	4,648	4,874	58,700	58,750	5,410	4,948	5,174
52,750	52,800	4,815	4,353	4,579	55,750	55,800	5,115	4,653	4,879	58,750	58,800	5,415	4,953	5,179
52,800	52,850	4,820	4,358	4,584	55,800	55,850	5,120	4,658	4,884	58,800	58,850	5,420	4,958	5,184
52,850	52,900	4,825	4,363	4,589	55,850	55,900	5,125	4,663	4,889	58,850	58,900	5,425	4,963	5,189
52,900	52,950	4,830	4,368	4,594	55,900	55,950	5,130	4,668	4,894	58,900	58,950	5,430	4,968	5,194
52,950	53,000	4,835	4,373	4,599	55,950	56,000	5,135	4,673	4,899	58,950	59,000	5,435	4,973	5,199
53,000					56,000					59,000				
53,000	53,050	4,840	4,378	4,604	56,000	56,050	5,140	4,678	4,904	59,000	59,050	5,440	4,978	5,204
53,050	53,100	4,845	4,383	4,609	56,050	56,100	5,145	4,683	4,909	59,050	59,100	5,445	4,983	5,209
53,100	53,150	4,850	4,388	4,614	56,100	56,150	5,150	4,688	4,914	59,100	59,150	5,450	4,988	5,214
53,150	53,200	4,855	4,393	4,619	56,150	56,200	5,155	4,693	4,919	59,150	59,200	5,455	4,993	5,219
53,200	53,250	4,860	4,398	4,624	56,200	56,250	5,160	4,698	4,924	59,200	59,250	5,460	4,998	5,224
53,250	53,300	4,865	4,403	4,629	56,250	56,300	5,165	4,703	4,929	59,250	59,300	5,465	5,003	5,229
53,300	53,350	4,870	4,408	4,634	56,300	56,350	5,170	4,708	4,934	59,300	59,350	5,470	5,008	5,234
53,350	53,400	4,875	4,413	4,639	56,350	56,400	5,175	4,713	4,939	59,350	59,400	5,475	5,013	5,239
53,400	53,450	4,880	4,418	4,644	56,400	56,450	5,180	4,718	4,944	59,400	59,450	5,480	5,018	5,244
53,450	53,500	4,885	4,423	4,649	56,450	56,500	5,185	4,723	4,949	59,450	59,500	5,485	5,023	5,249
53,500	53,550	4,890	4,428	4,654	56,500	56,550	5,190	4,728	4,954	59,500	59,550	5,490	5,028	5,254
53,550	53,600	4,895	4,433	4,659	56,550	56,600	5,195	4,733	4,959	59,550	59,600	5,495	5,033	5,259
53,600	53,650	4,900	4,438	4,664	56,600	56,650	5,200	4,738	4,964	59,600	59,650	5,500	5,038	5,264
53,650	53,700	4,905	4,443	4,669	56,650	56,700	5,205	4,743	4,969	59,650	59,700	5,505	5,043	5,269
53,700	53,750	4,910	4,448	4,674	56,700	56,750	5,210	4,748	4,974	59,700	59,750	5,510	5,048	5,274
53,750	53,800	4,915	4,453	4,679	56,750	56,800	5,215	4,753	4,979	59,750	59,800	5,515	5,053	5,279
53,800	53,850	4,920	4,458	4,684	56,800	56,850	5,220	4,758	4,984	59,800	59,850	5,520	5,058	5,284
53,850	53,900	4,925	4,463	4,689	56,850	56,900	5,225	4,763	4,989	59,850	59,900	5,525	5,063	5,289
53,900	53,950	4,930	4,468	4,694	56,900	56,950	5,230	4,768	4,994	59,900	59,950	5,530	5,068	5,294
53,950	54,000	4,935	4,473	4,699	56,950	57,000	5,235	4,773	4,999	59,950	60,000	5,535	5,073	5,299
54,000					57,000					60,000				
54,000	54,050	4,940	4,478	4,704	57,000	57,050	5,240	4,778	5,004	60,000	60,050	5,540	5,078	5,304
54,050	54,100	4,945	4,483	4,709	57,050	57,100	5,245	4,783	5,009	60,050	60,100	5,545	5,083	5,309
54,100	54,150	4,950	4,488	4,714	57,100	57,150	5,250	4,788	5,014	60,100	60,150	5,550	5,088	5,314
54,150	54,200	4,955	4,493	4,719	57,150	57,200	5,255	4,793	5,019	60,150	60,200	5,555	5,093	5,319
54,200	54,250	4,960	4,498	4,724	57,200	57,250	5,260	4,798	5,024	60,200	60,250	5,560	5,098	5,324
54,250	54,300	4,965	4,503	4,729	57,250	57,300	5,265	4,803	5,029	60,250	60,300	5,565	5,103	5,329
54,300	54,350	4,970	4,508	4,734	57,300	57,350	5,270	4,808	5,034	60,300	60,350	5,570	5,108	5,334
54,350	54,400	4,975	4,513	4,739	57,350	57,400	5,275	4,813	5,039	60,350	60,400	5,575	5,113	5,339
54,400	54,450	4,980	4,518	4,744	57,400	57,450	5,280	4,818	5,044	60,400	60,450	5,580	5,118	5,344
54,450	54,500	4,985	4,523	4,749	57,450	57,500	5,285	4,823	5,049	60,450	60,500	5,585	5,123	5,349
54,500	54,550	4,990	4,528	4,754	57,500	57,550	5,290	4,828	5,054	60,500	60,550	5,590	5,128	5,354
54,550	54,600	4,995	4,533	4,759	57,550	57,600	5,295	4,833	5,059	60,550	60,600	5,595	5,133	5,359
54,600	54,650	5,000	4,538	4,764	57,600	57,650	5,300	4,838	5,064	60,600	60,650	5,600	5,138	5,364
54,650	54,700	5,005	4,543	4,769	57,650	57,700	5,305	4,843	5,069	60,650	60,700	5,605	5,143	5,369
54,700	54,750	5,010	4,548	4,774	57,700	57,750	5,310	4,848	5,074	60,700	60,750	5,610	5,148	5,374
54,750	54,800	5,015	4,553	4,779	57,750	57,800	5,315	4,853	5,079	60,750	60,800	5,615	5,153	5,379
54,800	54,850	5,020	4,558	4,784	57,800	57,850	5,320	4,858	5,084	60,800	60,850	5,620	5,158	5,384
54,850	54,900	5,025	4,563	4,789	57,850	57,900	5,325	4,863	5,089	60,850	60,900	5,625	5,163	5,389
54,900	54,950	5,030	4,568	4,794	57,900	57,950	5,330	4,868	5,094	60,900	60,950	5,630	5,168	5,394
54,950	55,000	5,035	4,573	4,799	57,950	58,000	5,335	4,873	5,099	60,950	61,000	5,635	5,173	5,399

*This column must also be used by qualifying widow(er)

Continued on next page

1995 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
61,000					64,000					67,000				
61,000	61,050	5,640	5,178	5,404	64,000	64,050	5,940	5,478	5,704	67,000	67,050	6,240	5,778	6,004
61,050	61,100	5,645	5,183	5,409	64,050	64,100	5,945	5,483	5,709	67,050	67,100	6,245	5,783	6,009
61,100	61,150	5,650	5,188	5,414	64,100	64,150	5,950	5,488	5,714	67,100	67,150	6,250	5,788	6,014
61,150	61,200	5,655	5,193	5,419	64,150	64,200	5,955	5,493	5,719	67,150	67,200	6,255	5,793	6,019
61,200	61,250	5,660	5,198	5,424	64,200	64,250	5,960	5,498	5,724	67,200	67,250	6,260	5,798	6,024
61,250	61,300	5,665	5,203	5,429	64,250	64,300	5,965	5,503	5,729	67,250	67,300	6,265	5,803	6,029
61,300	61,350	5,670	5,208	5,434	64,300	64,350	5,970	5,508	5,734	67,300	67,350	6,270	5,808	6,034
61,350	61,400	5,675	5,213	5,439	64,350	64,400	5,975	5,513	5,739	67,350	67,400	6,275	5,813	6,039
61,400	61,450	5,680	5,218	5,444	64,400	64,450	5,980	5,518	5,744	67,400	67,450	6,280	5,818	6,044
61,450	61,500	5,685	5,223	5,449	64,450	64,500	5,985	5,523	5,749	67,450	67,500	6,285	5,823	6,049
61,500	61,550	5,690	5,228	5,454	64,500	64,550	5,990	5,528	5,754	67,500	67,550	6,290	5,828	6,054
61,550	61,600	5,695	5,233	5,459	64,550	64,600	5,995	5,533	5,759	67,550	67,600	6,295	5,833	6,059
61,600	61,650	5,700	5,238	5,464	64,600	64,650	6,000	5,538	5,764	67,600	67,650	6,300	5,838	6,064
61,650	61,700	5,705	5,243	5,469	64,650	64,700	6,005	5,543	5,769	67,650	67,700	6,305	5,843	6,069
61,700	61,750	5,710	5,248	5,474	64,700	64,750	6,010	5,548	5,774	67,700	67,750	6,310	5,848	6,074
61,750	61,800	5,715	5,253	5,479	64,750	64,800	6,015	5,553	5,779	67,750	67,800	6,315	5,853	6,079
61,800	61,850	5,720	5,258	5,484	64,800	64,850	6,020	5,558	5,784	67,800	67,850	6,320	5,858	6,084
61,850	61,900	5,725	5,263	5,489	64,850	64,900	6,025	5,563	5,789	67,850	67,900	6,325	5,863	6,089
61,900	61,950	5,730	5,268	5,494	64,900	64,950	6,030	5,568	5,794	67,900	67,950	6,330	5,868	6,094
61,950	62,000	5,735	5,273	5,499	64,950	65,000	6,035	5,573	5,799	67,950	68,000	6,335	5,873	6,099
62,000					65,000					68,000				
62,000	62,050	5,740	5,278	5,504	65,000	65,050	6,040	5,578	5,804	68,000	68,050	6,340	5,878	6,104
62,050	62,100	5,745	5,283	5,509	65,050	65,100	6,045	5,583	5,809	68,050	68,100	6,345	5,883	6,109
62,100	62,150	5,750	5,288	5,514	65,100	65,150	6,050	5,588	5,814	68,100	68,150	6,350	5,888	6,114
62,150	62,200	5,755	5,293	5,519	65,150	65,200	6,055	5,593	5,819	68,150	68,200	6,355	5,893	6,119
62,200	62,250	5,760	5,298	5,524	65,200	65,250	6,060	5,598	5,824	68,200	68,250	6,360	5,898	6,124
62,250	62,300	5,765	5,303	5,529	65,250	65,300	6,065	5,603	5,829	68,250	68,300	6,365	5,903	6,129
62,300	62,350	5,770	5,308	5,534	65,300	65,350	6,070	5,608	5,834	68,300	68,350	6,370	5,908	6,134
62,350	62,400	5,775	5,313	5,539	65,350	65,400	6,075	5,613	5,839	68,350	68,400	6,375	5,913	6,139
62,400	62,450	5,780	5,318	5,544	65,400	65,450	6,080	5,618	5,844	68,400	68,450	6,380	5,918	6,144
62,450	62,500	5,785	5,323	5,549	65,450	65,500	6,085	5,623	5,849	68,450	68,500	6,385	5,923	6,149
62,500	62,550	5,790	5,328	5,554	65,500	65,550	6,090	5,628	5,854	68,500	68,550	6,390	5,928	6,154
62,550	62,600	5,795	5,333	5,559	65,550	65,600	6,095	5,633	5,859	68,550	68,600	6,395	5,933	6,159
62,600	62,650	5,800	5,338	5,564	65,600	65,650	6,100	5,638	5,864	68,600	68,650	6,400	5,938	6,164
62,650	62,700	5,805	5,343	5,569	65,650	65,700	6,105	5,643	5,869	68,650	68,700	6,405	5,943	6,169
62,700	62,750	5,810	5,348	5,574	65,700	65,750	6,110	5,648	5,874	68,700	68,750	6,410	5,948	6,174
62,750	62,800	5,815	5,353	5,579	65,750	65,800	6,115	5,653	5,879	68,750	68,800	6,415	5,953	6,179
62,800	62,850	5,820	5,358	5,584	65,800	65,850	6,120	5,658	5,884	68,800	68,850	6,420	5,958	6,184
62,850	62,900	5,825	5,363	5,589	65,850	65,900	6,125	5,663	5,889	68,850	68,900	6,425	5,963	6,189
62,900	62,950	5,830	5,368	5,594	65,900	65,950	6,130	5,668	5,894	68,900	68,950	6,430	5,968	6,194
62,950	63,000	5,835	5,373	5,599	65,950	66,000	6,135	5,673	5,899	68,950	69,000	6,435	5,973	6,199
63,000					66,000					69,000				
63,000	63,050	5,840	5,378	5,604	66,000	66,050	6,140	5,678	5,904	69,000	69,050	6,440	5,978	6,204
63,050	63,100	5,845	5,383	5,609	66,050	66,100	6,145	5,683	5,909	69,050	69,100	6,445	5,983	6,209
63,100	63,150	5,850	5,388	5,614	66,100	66,150	6,150	5,688	5,914	69,100	69,150	6,450	5,988	6,214
63,150	63,200	5,855	5,393	5,619	66,150	66,200	6,155	5,693	5,919	69,150	69,200	6,455	5,993	6,219
63,200	63,250	5,860	5,398	5,624	66,200	66,250	6,160	5,698	5,924	69,200	69,250	6,460	5,998	6,224
63,250	63,300	5,865	5,403	5,629	66,250	66,300	6,165	5,703	5,929	69,250	69,300	6,465	6,003	6,229
63,300	63,350	5,870	5,408	5,634	66,300	66,350	6,170	5,708	5,934	69,300	69,350	6,470	6,008	6,234
63,350	63,400	5,875	5,413	5,639	66,350	66,400	6,175	5,713	5,939	69,350	69,400	6,475	6,013	6,239
63,400	63,450	5,880	5,418	5,644	66,400	66,450	6,180	5,718	5,944	69,400	69,450	6,480	6,018	6,244
63,450	63,500	5,885	5,423	5,649	66,450	66,500	6,185	5,723	5,949	69,450	69,500	6,485	6,023	6,249
63,500	63,550	5,890	5,428	5,654	66,500	66,550	6,190	5,728	5,954	69,500	69,550	6,490	6,028	6,254
63,550	63,600	5,895	5,433	5,659	66,550	66,600	6,195	5,733	5,959	69,550	69,600	6,495	6,033	6,259
63,600	63,650	5,900	5,438	5,664	66,600	66,650	6,200	5,738	5,964	69,600	69,650	6,500	6,038	6,264
63,650	63,700	5,905	5,443	5,669	66,650	66,700	6,205	5,743	5,969	69,650	69,700	6,505	6,043	6,269
63,700	63,750	5,910	5,448	5,674	66,700	66,750	6,210	5,748	5,974	69,700	69,750	6,510	6,048	6,274
63,750	63,800	5,915	5,453	5,679	66,750	66,800	6,215	5,753	5,979	69,750	69,800	6,515	6,053	6,279
63,800	63,850	5,920	5,458	5,684	66,800	66,850	6,220	5,758	5,984	69,800	69,850	6,520	6,058	6,284
63,850	63,900	5,925	5,463	5,689	66,850	66,900	6,225	5,763	5,989	69,850	69,900	6,525	6,063	6,289
63,900	63,950	5,930	5,468	5,694	66,900	66,950	6,230	5,768	5,994	69,900	69,950	6,530	6,068	6,294
63,950	64,000	5,935	5,473	5,699	66,950	67,000	6,235	5,773	5,999	69,950	70,000	6,535	6,073	6,299

*This column must also be used by qualifying widow(er)

Continued on next page

1995 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
70,000					73,000					76,000				
70,000	70,050	6,540	6,078	6,304	73,000	73,050	6,840	6,378	6,604	76,000	76,050	7,140	6,678	6,904
70,050	70,100	6,545	6,083	6,309	73,050	73,100	6,845	6,383	6,609	76,050	76,100	7,145	6,683	6,909
70,100	70,150	6,550	6,088	6,314	73,100	73,150	6,850	6,388	6,614	76,100	76,150	7,150	6,688	6,914
70,150	70,200	6,555	6,093	6,319	73,150	73,200	6,855	6,393	6,619	76,150	76,200	7,155	6,693	6,919
70,200	70,250	6,560	6,098	6,324	73,200	73,250	6,860	6,398	6,624	76,200	76,250	7,160	6,698	6,924
70,250	70,300	6,565	6,103	6,329	73,250	73,300	6,865	6,403	6,629	76,250	76,300	7,165	6,703	6,929
70,300	70,350	6,570	6,108	6,334	73,300	73,350	6,870	6,408	6,634	76,300	76,350	7,170	6,708	6,934
70,350	70,400	6,575	6,113	6,339	73,350	73,400	6,875	6,413	6,639	76,350	76,400	7,175	6,713	6,939
70,400	70,450	6,580	6,118	6,344	73,400	73,450	6,880	6,418	6,644	76,400	76,450	7,180	6,718	6,944
70,450	70,500	6,585	6,123	6,349	73,450	73,500	6,885	6,423	6,649	76,450	76,500	7,185	6,723	6,949
70,500	70,550	6,590	6,128	6,354	73,500	73,550	6,890	6,428	6,654	76,500	76,550	7,190	6,728	6,954
70,550	70,600	6,595	6,133	6,359	73,550	73,600	6,895	6,433	6,659	76,550	76,600	7,195	6,733	6,959
70,600	70,650	6,600	6,138	6,364	73,600	73,650	6,900	6,438	6,664	76,600	76,650	7,200	6,738	6,964
70,650	70,700	6,605	6,143	6,369	73,650	73,700	6,905	6,443	6,669	76,650	76,700	7,205	6,743	6,969
70,700	70,750	6,610	6,148	6,374	73,700	73,750	6,910	6,448	6,674	76,700	76,750	7,210	6,748	6,974
70,750	70,800	6,615	6,153	6,379	73,750	73,800	6,915	6,453	6,679	76,750	76,800	7,215	6,753	6,979
70,800	70,850	6,620	6,158	6,384	73,800	73,850	6,920	6,458	6,684	76,800	76,850	7,220	6,758	6,984
70,850	70,900	6,625	6,163	6,389	73,850	73,900	6,925	6,463	6,689	76,850	76,900	7,225	6,763	6,989
70,900	70,950	6,630	6,168	6,394	73,900	73,950	6,930	6,468	6,694	76,900	76,950	7,230	6,768	6,994
70,950	71,000	6,635	6,173	6,399	73,950	74,000	6,935	6,473	6,699	76,950	77,000	7,235	6,773	6,999
71,000					74,000					77,000				
71,000	71,050	6,640	6,178	6,404	74,000	74,050	6,940	6,478	6,704	77,000	77,050	7,240	6,778	7,004
71,050	71,100	6,645	6,183	6,409	74,050	74,100	6,945	6,483	6,709	77,050	77,100	7,245	6,783	7,009
71,100	71,150	6,650	6,188	6,414	74,100	74,150	6,950	6,488	6,714	77,100	77,150	7,250	6,788	7,014
71,150	71,200	6,655	6,193	6,419	74,150	74,200	6,955	6,493	6,719	77,150	77,200	7,255	6,793	7,019
71,200	71,250	6,660	6,198	6,424	74,200	74,250	6,960	6,498	6,724	77,200	77,250	7,260	6,798	7,024
71,250	71,300	6,665	6,203	6,429	74,250	74,300	6,965	6,503	6,729	77,250	77,300	7,265	6,803	7,029
71,300	71,350	6,670	6,208	6,434	74,300	74,350	6,970	6,508	6,734	77,300	77,350	7,270	6,808	7,034
71,350	71,400	6,675	6,213	6,439	74,350	74,400	6,975	6,513	6,739	77,350	77,400	7,275	6,813	7,039
71,400	71,450	6,680	6,218	6,444	74,400	74,450	6,980	6,518	6,744	77,400	77,450	7,280	6,818	7,044
71,450	71,500	6,685	6,223	6,449	74,450	74,500	6,985	6,523	6,749	77,450	77,500	7,285	6,823	7,049
71,500	71,550	6,690	6,228	6,454	74,500	74,550	6,990	6,528	6,754	77,500	77,550	7,290	6,828	7,054
71,550	71,600	6,695	6,233	6,459	74,550	74,600	6,995	6,533	6,759	77,550	77,600	7,295	6,833	7,059
71,600	71,650	6,700	6,238	6,464	74,600	74,650	7,000	6,538	6,764	77,600	77,650	7,300	6,838	7,064
71,650	71,700	6,705	6,243	6,469	74,650	74,700	7,005	6,543	6,769	77,650	77,700	7,305	6,843	7,069
71,700	71,750	6,710	6,248	6,474	74,700	74,750	7,010	6,548	6,774	77,700	77,750	7,310	6,848	7,074
71,750	71,800	6,715	6,253	6,479	74,750	74,800	7,015	6,553	6,779	77,750	77,800	7,315	6,853	7,079
71,800	71,850	6,720	6,258	6,484	74,800	74,850	7,020	6,558	6,784	77,800	77,850	7,320	6,858	7,084
71,850	71,900	6,725	6,263	6,489	74,850	74,900	7,025	6,563	6,789	77,850	77,900	7,325	6,863	7,089
71,900	71,950	6,730	6,268	6,494	74,900	74,950	7,030	6,568	6,794	77,900	77,950	7,330	6,868	7,094
71,950	72,000	6,735	6,273	6,499	74,950	75,000	7,035	6,573	6,799	77,950	78,000	7,335	6,873	7,099
72,000					75,000					78,000				
72,000	72,050	6,740	6,278	6,504	75,000	75,050	7,040	6,578	6,804	78,000	78,050	7,340	6,878	7,104
72,050	72,100	6,745	6,283	6,509	75,050	75,100	7,045	6,583	6,809	78,050	78,100	7,345	6,883	7,109
72,100	72,150	6,750	6,288	6,514	75,100	75,150	7,050	6,588	6,814	78,100	78,150	7,350	6,888	7,114
72,150	72,200	6,755	6,293	6,519	75,150	75,200	7,055	6,593	6,819	78,150	78,200	7,355	6,893	7,119
72,200	72,250	6,760	6,298	6,524	75,200	75,250	7,060	6,598	6,824	78,200	78,250	7,360	6,898	7,124
72,250	72,300	6,765	6,303	6,529	75,250	75,300	7,065	6,603	6,829	78,250	78,300	7,365	6,903	7,129
72,300	72,350	6,770	6,308	6,534	75,300	75,350	7,070	6,608	6,834	78,300	78,350	7,370	6,908	7,134
72,350	72,400	6,775	6,313	6,539	75,350	75,400	7,075	6,613	6,839	78,350	78,400	7,375	6,913	7,139
72,400	72,450	6,780	6,318	6,544	75,400	75,450	7,080	6,618	6,844	78,400	78,450	7,380	6,918	7,144
72,450	72,500	6,785	6,323	6,549	75,450	75,500	7,085	6,623	6,849	78,450	78,500	7,385	6,923	7,149
72,500	72,550	6,790	6,328	6,554	75,500	75,550	7,090	6,628	6,854	78,500	78,550	7,390	6,928	7,154
72,550	72,600	6,795	6,333	6,559	75,550	75,600	7,095	6,633	6,859	78,550	78,600	7,395	6,933	7,159
72,600	72,650	6,800	6,338	6,564	75,600	75,650	7,100	6,638	6,864	78,600	78,650	7,400	6,938	7,164
72,650	72,700	6,805	6,343	6,569	75,650	75,700	7,105	6,643	6,869	78,650	78,700	7,405	6,943	7,169
72,700	72,750	6,810	6,348	6,574	75,700	75,750	7,110	6,648	6,874	78,700	78,750	7,410	6,948	7,174
72,750	72,800	6,815	6,353	6,579	75,750	75,800	7,115	6,653	6,879	78,750	78,800	7,415	6,953	7,179
72,800	72,850	6,820	6,358	6,584	75,800	75,850	7,120	6,658	6,884	78,800	78,850	7,420	6,958	7,184
72,850	72,900	6,825	6,363	6,589	75,850	75,900	7,125	6,663	6,889	78,850	78,900	7,425	6,963	7,189
72,900	72,950	6,830	6,368	6,594	75,900	75,950	7,130	6,668	6,894	78,900	78,950	7,430	6,968	7,194
72,950	73,000	6,835	6,373	6,599	75,950	76,000	7,135	6,673	6,899	78,950	79,000	7,435	6,973	7,199

*This column must also be used by qualifying widow(er)

Continued on next page

1995 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
79,000					82,000					85,000				
79,000	79,050	7,440	6,978	7,204	82,000	82,050	7,740	7,278	7,504	85,000	85,050	8,040	7,578	7,804
79,050	79,100	7,445	6,983	7,209	82,050	82,100	7,745	7,283	7,509	85,050	85,100	8,045	7,583	7,809
79,100	79,150	7,450	6,988	7,214	82,100	82,150	7,750	7,288	7,514	85,100	85,150	8,050	7,588	7,814
79,150	79,200	7,455	6,993	7,219	82,150	82,200	7,755	7,293	7,519	85,150	85,200	8,055	7,593	7,819
79,200	79,250	7,460	6,998	7,224	82,200	82,250	7,760	7,298	7,524	85,200	85,250	8,060	7,598	7,824
79,250	79,300	7,465	7,003	7,229	82,250	82,300	7,765	7,303	7,529	85,250	85,300	8,065	7,603	7,829
79,300	79,350	7,470	7,008	7,234	82,300	82,350	7,770	7,308	7,534	85,300	85,350	8,070	7,608	7,834
79,350	79,400	7,475	7,013	7,239	82,350	82,400	7,775	7,313	7,539	85,350	85,400	8,075	7,613	7,839
79,400	79,450	7,480	7,018	7,244	82,400	82,450	7,780	7,318	7,544	85,400	85,450	8,080	7,618	7,844
79,450	79,500	7,485	7,023	7,249	82,450	82,500	7,785	7,323	7,549	85,450	85,500	8,085	7,623	7,849
79,500	79,550	7,490	7,028	7,254	82,500	82,550	7,790	7,328	7,554	85,500	85,550	8,090	7,628	7,854
79,550	79,600	7,495	7,033	7,259	82,550	82,600	7,795	7,333	7,559	85,550	85,600	8,095	7,633	7,859
79,600	79,650	7,500	7,038	7,264	82,600	82,650	7,800	7,338	7,564	85,600	85,650	8,100	7,638	7,864
79,650	79,700	7,505	7,043	7,269	82,650	82,700	7,805	7,343	7,569	85,650	85,700	8,105	7,643	7,869
79,700	79,750	7,510	7,048	7,274	82,700	82,750	7,810	7,348	7,574	85,700	85,750	8,110	7,648	7,874
79,750	79,800	7,515	7,053	7,279	82,750	82,800	7,815	7,353	7,579	85,750	85,800	8,115	7,653	7,879
79,800	79,850	7,520	7,058	7,284	82,800	82,850	7,820	7,358	7,584	85,800	85,850	8,120	7,658	7,884
79,850	79,900	7,525	7,063	7,289	82,850	82,900	7,825	7,363	7,589	85,850	85,900	8,125	7,663	7,889
79,900	79,950	7,530	7,068	7,294	82,900	82,950	7,830	7,368	7,594	85,900	85,950	8,130	7,668	7,894
79,950	80,000	7,535	7,073	7,299	82,950	83,000	7,835	7,373	7,599	85,950	86,000	8,135	7,673	7,899
80,000					83,000					86,000				
80,000	80,050	7,540	7,078	7,304	83,000	83,050	7,840	7,378	7,604	86,000	86,050	8,140	7,678	7,904
80,050	80,100	7,545	7,083	7,309	83,050	83,100	7,845	7,383	7,609	86,050	86,100	8,145	7,683	7,909
80,100	80,150	7,550	7,088	7,314	83,100	83,150	7,850	7,388	7,614	86,100	86,150	8,150	7,688	7,914
80,150	80,200	7,555	7,093	7,319	83,150	83,200	7,855	7,393	7,619	86,150	86,200	8,155	7,693	7,919
80,200	80,250	7,560	7,098	7,324	83,200	83,250	7,860	7,398	7,624	86,200	86,250	8,160	7,698	7,924
80,250	80,300	7,565	7,103	7,329	83,250	83,300	7,865	7,403	7,629	86,250	86,300	8,165	7,703	7,929
80,300	80,350	7,570	7,108	7,334	83,300	83,350	7,870	7,408	7,634	86,300	86,350	8,170	7,708	7,934
80,350	80,400	7,575	7,113	7,339	83,350	83,400	7,875	7,413	7,639	86,350	86,400	8,175	7,713	7,939
80,400	80,450	7,580	7,118	7,344	83,400	83,450	7,880	7,418	7,644	86,400	86,450	8,180	7,718	7,944
80,450	80,500	7,585	7,123	7,349	83,450	83,500	7,885	7,423	7,649	86,450	86,500	8,185	7,723	7,949
80,500	80,550	7,590	7,128	7,354	83,500	83,550	7,890	7,428	7,654	86,500	86,550	8,190	7,728	7,954
80,550	80,600	7,595	7,133	7,359	83,550	83,600	7,895	7,433	7,659	86,550	86,600	8,195	7,733	7,959
80,600	80,650	7,600	7,138	7,364	83,600	83,650	7,900	7,438	7,664	86,600	86,650	8,200	7,738	7,964
80,650	80,700	7,605	7,143	7,369	83,650	83,700	7,905	7,443	7,669	86,650	86,700	8,205	7,743	7,969
80,700	80,750	7,610	7,148	7,374	83,700	83,750	7,910	7,448	7,674	86,700	86,750	8,210	7,748	7,974
80,750	80,800	7,615	7,153	7,379	83,750	83,800	7,915	7,453	7,679	86,750	86,800	8,215	7,753	7,979
80,800	80,850	7,620	7,158	7,384	83,800	83,850	7,920	7,458	7,684	86,800	86,850	8,220	7,758	7,984
80,850	80,900	7,625	7,163	7,389	83,850	83,900	7,925	7,463	7,689	86,850	86,900	8,225	7,763	7,989
80,900	80,950	7,630	7,168	7,394	83,900	83,950	7,930	7,468	7,694	86,900	86,950	8,230	7,768	7,994
80,950	81,000	7,635	7,173	7,399	83,950	84,000	7,935	7,473	7,699	86,950	87,000	8,235	7,773	7,999
81,000					84,000					87,000				
81,000	81,050	7,640	7,178	7,404	84,000	84,050	7,940	7,478	7,704	87,000	87,050	8,240	7,778	8,004
81,050	81,100	7,645	7,183	7,409	84,050	84,100	7,945	7,483	7,709	87,050	87,100	8,245	7,783	8,009
81,100	81,150	7,650	7,188	7,414	84,100	84,150	7,950	7,488	7,714	87,100	87,150	8,250	7,788	8,014
81,150	81,200	7,655	7,193	7,419	84,150	84,200	7,955	7,493	7,719	87,150	87,200	8,255	7,793	8,019
81,200	81,250	7,660	7,198	7,424	84,200	84,250	7,960	7,498	7,724	87,200	87,250	8,260	7,798	8,024
81,250	81,300	7,665	7,203	7,429	84,250	84,300	7,965	7,503	7,729	87,250	87,300	8,265	7,803	8,029
81,300	81,350	7,670	7,208	7,434	84,300	84,350	7,970	7,508	7,734	87,300	87,350	8,270	7,808	8,034
81,350	81,400	7,675	7,213	7,439	84,350	84,400	7,975	7,513	7,739	87,350	87,400	8,275	7,813	8,039
81,400	81,450	7,680	7,218	7,444	84,400	84,450	7,980	7,518	7,744	87,400	87,450	8,280	7,818	8,044
81,450	81,500	7,685	7,223	7,449	84,450	84,500	7,985	7,523	7,749	87,450	87,500	8,285	7,823	8,049
81,500	81,550	7,690	7,228	7,454	84,500	84,550	7,990	7,528	7,754	87,500	87,550	8,290	7,828	8,054
81,550	81,600	7,695	7,233	7,459	84,550	84,600	7,995	7,533	7,759	87,550	87,600	8,295	7,833	8,059
81,600	81,650	7,700	7,238	7,464	84,600	84,650	8,000	7,538	7,764	87,600	87,650	8,300	7,838	8,064
81,650	81,700	7,705	7,243	7,469	84,650	84,700	8,005	7,543	7,769	87,650	87,700	8,305	7,843	8,069
81,700	81,750	7,710	7,248	7,474	84,700	84,750	8,010	7,548	7,774	87,700	87,750	8,310	7,848	8,074
81,750	81,800	7,715	7,253	7,479	84,750	84,800	8,015	7,553	7,779	87,750	87,800	8,315	7,853	8,079
81,800	81,850	7,720	7,258	7,484	84,800	84,850	8,020	7,558	7,784	87,800	87,850	8,320	7,858	8,084
81,850	81,900	7,725	7,263	7,489	84,850	84,900	8,025	7,563	7,789	87,850	87,900	8,325	7,863	8,089
81,900	81,950	7,730	7,268	7,494	84,900	84,950	8,030	7,568	7,794	87,900	87,950	8,330	7,868	8,094
81,950	82,000	7,735	7,273	7,499	84,950	85,000	8,035	7,573	7,799	87,950	88,000	8,335	7,873	8,099

*This column must also be used by qualifying widow(er)

Continued on next page

1995 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
88,000					91,000					94,000				
88,000	88,050	8,340	7,878	8,104	91,000	91,050	8,640	8,178	8,404	94,000	94,050	8,940	8,478	8,704
88,050	88,100	8,345	7,883	8,109	91,050	91,100	8,645	8,183	8,409	94,050	94,100	8,945	8,483	8,709
88,100	88,150	8,350	7,888	8,114	91,100	91,150	8,650	8,188	8,414	94,100	94,150	8,950	8,488	8,714
88,150	88,200	8,355	7,893	8,119	91,150	91,200	8,655	8,193	8,419	94,150	94,200	8,955	8,493	8,719
88,200	88,250	8,360	7,898	8,124	91,200	91,250	8,660	8,198	8,424	94,200	94,250	8,960	8,498	8,724
88,250	88,300	8,365	7,903	8,129	91,250	91,300	8,665	8,203	8,429	94,250	94,300	8,965	8,503	8,729
88,300	88,350	8,370	7,908	8,134	91,300	91,350	8,670	8,208	8,434	94,300	94,350	8,970	8,508	8,734
88,350	88,400	8,375	7,913	8,139	91,350	91,400	8,675	8,213	8,439	94,350	94,400	8,975	8,513	8,739
88,400	88,450	8,380	7,918	8,144	91,400	91,450	8,680	8,218	8,444	94,400	94,450	8,980	8,518	8,744
88,450	88,500	8,385	7,923	8,149	91,450	91,500	8,685	8,223	8,449	94,450	94,500	8,985	8,523	8,749
88,500	88,550	8,390	7,928	8,154	91,500	91,550	8,690	8,228	8,454	94,500	94,550	8,990	8,528	8,754
88,550	88,600	8,395	7,933	8,159	91,550	91,600	8,695	8,233	8,459	94,550	94,600	8,995	8,533	8,759
88,600	88,650	8,400	7,938	8,164	91,600	91,650	8,700	8,238	8,464	94,600	94,650	9,000	8,538	8,764
88,650	88,700	8,405	7,943	8,169	91,650	91,700	8,705	8,243	8,469	94,650	94,700	9,005	8,543	8,769
88,700	88,750	8,410	7,948	8,174	91,700	91,750	8,710	8,248	8,474	94,700	94,750	9,010	8,548	8,774
88,750	88,800	8,415	7,953	8,179	91,750	91,800	8,715	8,253	8,479	94,750	94,800	9,015	8,553	8,779
88,800	88,850	8,420	7,958	8,184	91,800	91,850	8,720	8,258	8,484	94,800	94,850	9,020	8,558	8,784
88,850	88,900	8,425	7,963	8,189	91,850	91,900	8,725	8,263	8,489	94,850	94,900	9,025	8,563	8,789
88,900	88,950	8,430	7,968	8,194	91,900	91,950	8,730	8,268	8,494	94,900	94,950	9,030	8,568	8,794
88,950	89,000	8,435	7,973	8,199	91,950	92,000	8,735	8,273	8,499	94,950	95,000	9,035	8,573	8,799
89,000					92,000					95,000				
89,000	89,050	8,440	7,978	8,204	92,000	92,050	8,740	8,278	8,504	95,000	95,050	9,040	8,578	8,804
89,050	89,100	8,445	7,983	8,209	92,050	92,100	8,745	8,283	8,509	95,050	95,100	9,045	8,583	8,809
89,100	89,150	8,450	7,988	8,214	92,100	92,150	8,750	8,288	8,514	95,100	95,150	9,050	8,588	8,814
89,150	89,200	8,455	7,993	8,219	92,150	92,200	8,755	8,293	8,519	95,150	95,200	9,055	8,593	8,819
89,200	89,250	8,460	7,998	8,224	92,200	92,250	8,760	8,298	8,524	95,200	95,250	9,060	8,598	8,824
89,250	89,300	8,465	8,003	8,229	92,250	92,300	8,765	8,303	8,529	95,250	95,300	9,065	8,603	8,829
89,300	89,350	8,470	8,008	8,234	92,300	92,350	8,770	8,308	8,534	95,300	95,350	9,070	8,608	8,834
89,350	89,400	8,475	8,013	8,239	92,350	92,400	8,775	8,313	8,539	95,350	95,400	9,075	8,613	8,839
89,400	89,450	8,480	8,018	8,244	92,400	92,450	8,780	8,318	8,544	95,400	95,450	9,080	8,618	8,844
89,450	89,500	8,485	8,023	8,249	92,450	92,500	8,785	8,323	8,549	95,450	95,500	9,085	8,623	8,849
89,500	89,550	8,490	8,028	8,254	92,500	92,550	8,790	8,328	8,554	95,500	95,550	9,090	8,628	8,854
89,550	89,600	8,495	8,033	8,259	92,550	92,600	8,795	8,333	8,559	95,550	95,600	9,095	8,633	8,859
89,600	89,650	8,500	8,038	8,264	92,600	92,650	8,800	8,338	8,564	95,600	95,650	9,100	8,638	8,864
89,650	89,700	8,505	8,043	8,269	92,650	92,700	8,805	8,343	8,569	95,650	95,700	9,105	8,643	8,869
89,700	89,750	8,510	8,048	8,274	92,700	92,750	8,810	8,348	8,574	95,700	95,750	9,110	8,648	8,874
89,750	89,800	8,515	8,053	8,279	92,750	92,800	8,815	8,353	8,579	95,750	95,800	9,115	8,653	8,879
89,800	89,850	8,520	8,058	8,284	92,800	92,850	8,820	8,358	8,584	95,800	95,850	9,120	8,658	8,884
89,850	89,900	8,525	8,063	8,289	92,850	92,900	8,825	8,363	8,589	95,850	95,900	9,125	8,663	8,889
89,900	89,950	8,530	8,068	8,294	92,900	92,950	8,830	8,368	8,594	95,900	95,950	9,130	8,668	8,894
89,950	90,000	8,535	8,073	8,299	92,950	93,000	8,835	8,373	8,599	95,950	96,000	9,135	8,673	8,899
90,000					93,000					96,000				
90,000	90,050	8,540	8,078	8,304	93,000	93,050	8,840	8,378	8,604	96,000	96,050	9,140	8,678	8,904
90,050	90,100	8,545	8,083	8,309	93,050	93,100	8,845	8,383	8,609	96,050	96,100	9,145	8,683	8,909
90,100	90,150	8,550	8,088	8,314	93,100	93,150	8,850	8,388	8,614	96,100	96,150	9,150	8,688	8,914
90,150	90,200	8,555	8,093	8,319	93,150	93,200	8,855	8,393	8,619	96,150	96,200	9,155	8,693	8,919
90,200	90,250	8,560	8,098	8,324	93,200	93,250	8,860	8,398	8,624	96,200	96,250	9,160	8,698	8,924
90,250	90,300	8,565	8,103	8,329	93,250	93,300	8,865	8,403	8,629	96,250	96,300	9,165	8,703	8,929
90,300	90,350	8,570	8,108	8,334	93,300	93,350	8,870	8,408	8,634	96,300	96,350	9,170	8,708	8,934
90,350	90,400	8,575	8,113	8,339	93,350	93,400	8,875	8,413	8,639	96,350	96,400	9,175	8,713	8,939
90,400	90,450	8,580	8,118	8,344	93,400	93,450	8,880	8,418	8,644	96,400	96,450	9,180	8,718	8,944
90,450	90,500	8,585	8,123	8,349	93,450	93,500	8,885	8,423	8,649	96,450	96,500	9,185	8,723	8,949
90,500	90,550	8,590	8,128	8,354	93,500	93,550	8,890	8,428	8,654	96,500	96,550	9,190	8,728	8,954
90,550	90,600	8,595	8,133	8,359	93,550	93,600	8,895	8,433	8,659	96,550	96,600	9,195	8,733	8,959
90,600	90,650	8,600	8,138	8,364	93,600	93,650	8,900	8,438	8,664	96,600	96,650	9,200	8,738	8,964
90,650	90,700	8,605	8,143	8,369	93,650	93,700	8,905	8,443	8,669	96,650	96,700	9,205	8,743	8,969
90,700	90,750	8,610	8,148	8,374	93,700	93,750	8,910	8,448	8,674	96,700	96,750	9,210	8,748	8,974
90,750	90,800	8,615	8,153	8,379	93,750	93,800	8,915	8,453	8,679	96,750	96,800	9,215	8,753	8,979
90,800	90,850	8,620	8,158	8,384	93,800	93,850	8,920	8,458	8,684	96,800	96,850	9,220	8,758	8,984
90,850	90,900	8,625	8,163	8,389	93,850	93,900	8,925	8,463	8,689	96,850	96,900	9,225	8,763	8,989
90,900	90,950	8,630	8,168	8,394	93,900	93,950	8,930	8,468	8,694	96,900	96,950	9,230	8,768	8,994
90,950	91,000	8,635	8,173	8,399	93,950	94,000	8,935	8,473	8,699	96,950	97,000	9,235	8,773	8,999

*This column must also be used by qualifying widow(er)

Continued on next page

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
97,000					98,000					99,000				
97,000	97,050	9,240	8,778	9,004	98,000	98,050	9,340	8,878	9,104	99,000	99,050	9,440	8,978	9,204
97,050	97,100	9,245	8,783	9,009	98,050	98,100	9,345	8,883	9,109	99,050	99,100	9,445	8,983	9,209
97,100	97,150	9,250	8,788	9,014	98,100	98,150	9,350	8,888	9,114	99,100	99,150	9,450	8,988	9,214
97,150	97,200	9,255	8,793	9,019	98,150	98,200	9,355	8,893	9,119	99,150	99,200	9,455	8,993	9,219
97,200	97,250	9,260	8,798	9,024	98,200	98,250	9,360	8,898	9,124	99,200	99,250	9,460	8,998	9,224
97,250	97,300	9,265	8,803	9,029	98,250	98,300	9,365	8,903	9,129	99,250	99,300	9,465	9,003	9,229
97,300	97,350	9,270	8,808	9,034	98,300	98,350	9,370	8,908	9,134	99,300	99,350	9,470	9,008	9,234
97,350	97,400	9,275	8,813	9,039	98,350	98,400	9,375	8,913	9,139	99,350	99,400	9,475	9,013	9,239
97,400	97,450	9,280	8,818	9,044	98,400	98,450	9,380	8,918	9,144	99,400	99,450	9,480	9,018	9,244
97,450	97,500	9,285	8,823	9,049	98,450	98,500	9,385	8,923	9,149	99,450	99,500	9,485	9,023	9,249
97,500	97,550	9,290	8,828	9,054	98,500	98,550	9,390	8,928	9,154	99,500	99,550	9,490	9,028	9,254
97,550	97,600	9,295	8,833	9,059	98,550	98,600	9,395	8,933	9,159	99,550	99,600	9,495	9,033	9,259
97,600	97,650	9,300	8,838	9,064	98,600	98,650	9,400	8,938	9,164	99,600	99,650	9,500	9,038	9,264
97,650	97,700	9,305	8,843	9,069	98,650	98,700	9,405	8,943	9,169	99,650	99,700	9,505	9,043	9,269
97,700	97,750	9,310	8,848	9,074	98,700	98,750	9,410	8,948	9,174	99,700	99,750	9,510	9,048	9,274
97,750	97,800	9,315	8,853	9,079	98,750	98,800	9,415	8,953	9,179	99,750	99,800	9,515	9,053	9,279
97,800	97,850	9,320	8,858	9,084	98,800	98,850	9,420	8,958	9,184	99,800	99,850	9,520	9,058	9,284
97,850	97,900	9,325	8,863	9,089	98,850	98,900	9,425	8,963	9,189	99,850	99,900	9,525	9,063	9,289
97,900	97,950	9,330	8,868	9,094	98,900	98,950	9,430	8,968	9,194	99,900	99,950	9,530	9,068	9,294
97,950	98,000	9,335	8,873	9,099	98,950	99,000	9,435	8,973	9,199	99,950	100,000	9,535	9,073	9,299

100,000 OR OVER —
You MUST use the tax rate schedules.

*This column must also be used by qualifying widow(er)

1995 Tax Rate Schedules

CAUTION — If your taxable income is less than \$100,000, you **MUST** use the Tax Table.

Schedule I

SINGLE TAXPAYERS AND MARRIED FILING SEPARATE RETURNS

Use this schedule if you checked Filing Status Box 1 or 3 on Form N-11 or Form N-12	If the amount on Form N-11, Line 25, or Form N-12, Line 35 is:	Your tax is:
	Not over \$1,500	2% of taxable income
	Over \$1,500 but not over \$2,500	\$ 30.00 plus 4% over \$1,500
	Over \$2,500 but not over \$3,500	\$ 70.00 plus 6% over \$2,500
	Over \$3,500 but not over \$5,500	\$ 130.00 plus 7.25% over \$3,500
	Over \$5,500 but not over \$10,500	\$ 275.00 plus 8% over \$5,500
	Over \$10,500 but not over \$15,500	\$ 675.00 plus 8.75% over \$10,500
	Over \$15,500 but not over \$20,500	\$ 1,112.50 plus 9.5% over \$15,500
	Over \$20,500	\$ 1,587.50 plus 10% over \$20,500

Schedule II

MARRIED TAXPAYERS FILING JOINT RETURNS AND CERTAIN WIDOWS AND WIDOWERS

Use this schedule if you checked Filing Status Box 2 or 5 on Form N-11 or Form N-12	If the amount on Form N-11, Line 25, or Form N-12, Line 35 is:	Your tax is:
	Not over \$3,000	2% of taxable income
	Over \$3,000 but not over \$5,000	\$ 60.00 plus 4% over \$3,000
	Over \$5,000 but not over \$7,000	\$ 140.00 plus 6% over \$5,000
	Over \$7,000 but not over \$11,000	\$ 260.00 plus 7.25% over \$7,000
	Over \$11,000 but not over \$21,000	\$ 550.00 plus 8% over \$11,000
	Over \$21,000 but not over \$31,000	\$ 1,350.00 plus 8.75% over \$21,000
	Over \$31,000 but not over \$41,000	\$ 2,225.00 plus 9.5% over \$31,000
	Over \$41,000	\$ 3,175.00 plus 10% over \$41,000

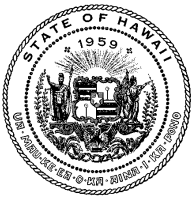
Schedule III

UNMARRIED HEADS OF HOUSEHOLD

Use this schedule if you checked Filing Status Box 4 on Form N-11 or Form N-12	If the amount on Form N-11, Line 25, or Form N-12, Line 35 is:	Your tax is:
	Not over \$1,500	2% of taxable income
	Over \$1,500 but not over \$2,500	\$ 30.00 plus 3% over \$1,500
	Over \$2,500 but not over \$3,500	\$ 60.00 plus 4.5% over \$2,500
	Over \$3,500 but not over \$5,500	\$ 105.00 plus 5.9% over \$3,500
	Over \$5,500 but not over \$11,000	\$ 223.00 plus 7.25% over \$5,500
	Over \$11,000 but not over \$21,000	\$ 621.75 plus 8.6% over \$11,000
	Over \$21,000 but not over \$41,000	\$ 1,481.75 plus 9.6% over \$21,000
	Over \$41,000	\$ 3,401.75 plus 10% over \$41,000

Notes

Notes



TAX FACTS

From the State of Hawaii, Department of Taxation

TAX FACTS NO. 95-1
September, 1995

ALL ABOUT THE HAWAII USE TAX

The Department of Taxation wishes to advise everyone about the Hawaii use tax. It is one of the least understood taxes despite the fact that anyone, including more than 180,000 registered Hawaii businesses, who orders something from a mail order catalog or who purchases goods outside of Hawaii may be subject to this tax.

The use tax is meant to complement the general excise tax which is a tax most taxpayers doing business in Hawaii must pay on the gross income they derive from business activity in Hawaii. Because sellers in Hawaii must pay the general excise tax, it puts them at a price disadvantage with out-of-State businesses not subject to this tax. The use tax equalizes the tax on a transaction by requiring those acquiring goods (for example, cars, clothes, jewelry, computers, equipment, etc.) from out-of-State sellers to pay a tax at the same rate that an in-State seller would have paid in general excise tax if the sale had occurred in Hawaii. The use tax is 1/2 of 1% for those who import goods for resale at retail in Hawaii; 4% for all other uses.

The Department therefore wishes to provide information, to educate taxpayers, and to answer questions to help Hawaii taxpayers comply with the use tax law. With nearly a million people living in Hawaii, the Department knows that it is impossible to monitor all the spending activities of its residents.

The following examples explain the use tax and answer some of the most commonly asked questions regarding this tax.

1. *There was a 4% tax charged for Hawaii on the invoice when I ordered items out of a catalog from a company on the mainland. Do I have to pay it?*

Yes. Hawaii residents who shop through mail-order catalogs from sellers outside of Hawaii probably aren't aware that they must pay the state a 4 percent use tax for "imported" items when purchased from out-of-state sellers, such as mail-order companies, who are not licensed to do business in Hawaii.

For ease of administration and convenience to the customers, states prefer that mail-order companies collect and pay the use tax for their customers. If the mail-order company does not collect and pay the tax, the purchaser is responsible for paying the use tax to the state.

Depending on the mail-order companies' activities and presence in Hawaii, they may or may not be obligated to collect and pay the use tax under current interpretations of the U.S. Constitution. Many mail-order companies, nevertheless, have voluntarily assumed such an obligation for the convenience of their customers and to avoid legal uncertainties.

2. *I purchased an article of clothing in another state and paid that state's sales tax, which was 3%. Do I also have to pay the Hawaii use tax when I bring the item back to Hawaii?*

Yes. The law requires you to report the "landed" value (generally the purchase price plus shipping and handling fees) of the item and to pay the use tax on that value. However, any sales tax you pay to another state may be taken as a credit to offset the Hawaii use tax. The sales tax you paid on any item only may be used to offset the use tax on that item. Any excess sales tax paid may not be used to offset the use tax due on the landed value of a different item, nor will it be refunded. Therefore, the maximum amount of credit which you can claim is the lesser of the sales tax paid on the specific item imported, or the use tax due on the landed value of the same imported item. If the sales tax you paid is less than the use tax due, you will have to report and pay a use tax on the difference.

For example:

Sales price of item purchased in state C	-	\$100.00
State C's sales tax paid (3%)	-	3.00
Cost of shipping and handling fees, etc.	-	10.00

Total landed value of item is the sales price of the item plus shipping and handling fees. It does not include the sales tax paid. Therefore the total landed value is \$110.00.

The Hawaii use tax rate is 4%.

The Hawaii use tax due is $\$110.00 \times 4\% = \4.40

However, because the sales tax paid (\$3) to state C is less than the Hawaii use tax due (\$4.40), the difference, or \$1.40, is due to the State of Hawaii.

3. *What if the sales tax paid to the other state was more than 4%?*

If the sales tax paid to the other state was equal to or more than Hawaii's 4% use tax, the Department is administratively allowing you not to report or pay a use tax on those items as there would be no additional tax due. Therefore, no report needs to be filed in this case.

It is quite possible that many travelers to the continental U.S. may not owe the use tax upon returning to Hawaii because most states, such as California, Nevada, and Florida, have a sales tax that is higher than Hawaii's 4% use tax. However, there are a few states, such as Oregon, that do not have a sales tax.

4. *How should I report and pay the use tax due?*

Individual, nonbusiness taxpayers who must pay the use tax should use Form G-26 (Use Tax Return - Imports for Consumption) which can be ordered by calling 587-7572, or 1-800-222-7572. As an alternative, you can choose to write the Department a letter (P.O. Box 259, Honolulu, Hawaii 96809-0259) with a check or money order payable to "Hawaii State Tax Collector." The letter should contain the following information:

- (1) Purchaser's name;
- (2) Social security number;
- (3) Date the property was imported; and
- (4) Fair and reasonable cash value of the imported property (the sales price, shipping and handling fees, insurance costs, custom duty, etc.)

The Department will not require you to file a sales receipt with the report or letter, but you must be able to produce the receipt if you are audited.

5. *When is the use tax payment due?*

The use tax payment is due the month after the purchased items are brought into the State. Although penalty and interest amounts are due on late paid taxes, the Department will not assess these amounts on nonbusiness late filers for now. Since the Department realizes that most people have been unaware about the use tax, the Department is not asking taxpayers to report and pay use taxes due in previous years; the Department is asking taxpayers to begin reporting now for current and future purchases.

The Department also realizes that the reporting requirements for nonbusiness individuals can be burdensome when the amount of use tax due is small. This is why the Department is being liberal in waiving penalties and interest in late filings for now. Also, if the amount of tax to be reported is so small (under \$10.00) as to make it impractical to report monthly, the Department will not impose penalties and interest if the nonbusiness taxpayer postpones filing to consolidate reporting with additional purchases. In addition, the Department is not insisting that every nonbusiness taxpayer apply for a separate use tax identification number.

Problems relating to use tax collections are not unique to Hawaii. They are experienced by all states which impose a use tax. For this reason, legislation has been introduced at the national level, in Congress (S-545), which could require all mail-order companies to collect the tax for the states.

Hawaii's tax system has always operated under the concept of voluntary tax compliance. Thus, it is up to Hawaii's taxpayers to take their civic responsibilities seriously and to make an effort to report and pay their state taxes.

If any taxpayer would like more information on the use tax, the Department of Taxation has a brochure entitled, An Introduction to the Use Tax. It can be requested from any of our district tax offices.

For More Information Contact: Taxpayer Services at 587-4242

(This is a reproduction of the originally issued document)

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